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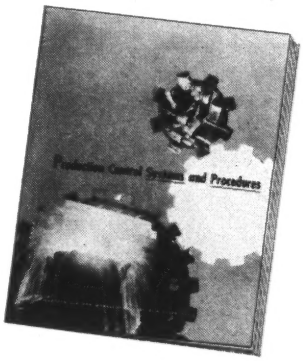

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The Staff Function in Organization

By WILLIAM R. SPRIEGEL

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and

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The relationship of the staff to the line organization is a delicate one laden with many difficulties unless both parties thoroughly understand the relationship.

ORGANIZATION IS THE structural relationship between the various factors of the enterprise. It is extremely important that each enterprise makes sure that there are no weak spots in its framework of responsibility within which all activities are carried out.

The line organization is one in which authority and responsibility flow in a direct line from the chief executive to the lowest employee. At each successive level, authority and responsibility are alike in kind but more limited in scope than that of the level immediately above it in the hierarchy. Inherently, then, each executive is responsible for the actions of all those below him; likewise, each person in the line organization has only one immediate superior.

ORIGIN OF THE STAFF

Functional organization, as advocated by Frederick W. Taylor, injected the principle of specialization with its advantages into the organizational structure. In the line-and-staff organization, the staff is attached to the line at *any* level to assist the line in the discharge of its duties. The staff arises from the application of the principle of specialization (the basis for functional organization) to the line organization whose executive members are responsible for all of the work in their respective divisions or departments.[1] It is a truism in management that the concentration of effort increases the quantity and quality of performance. The staff man or department concentrates on a small part of the line officer's total assignment thereby being in a better position to advise and assist him in the discharge of his greater responsibility.

The staff agency does not create *new* functions: it merely concentrates into one focal point functions already being performed in scattered areas throughout the organization. It gives special attention to these functions so that they may be performed more effectively. If the staff officer or agency is to render maximum service, its assignment should consist of one function or a group of related functions. The staff agency will reduce the line executive's problems of span of control, span of attention, span of personality, and span of mental and physical effort.

THE NEED FOR STAFF AID

Organization structure is designed to aid in the achievement of the purpose of the enterprise. Organizational relationships are developed for the purpose of creating an atmosphere in which men will work willingly and effectively toward the common goal. By virtue of the necessity for coordination in group effort, organization structure strives to create lines of responsibility that are generally recognized and to promote synchronization of effort. Organizational relationships are also designed to facilitate control. Control is not exercised for its own sake but to facilitate the achievement of the objective of the enterprise.

As the enterprise expands, the responsibilities of top management become increasingly burdensome.[2] Practically no executive is equally skilled in the various requirements of directing a large business. The three basic functions of manufacturing, sales, and finance provide the first basis of differentiation in organization structure. A top executive presiding over these three main divisions nearly always needs help in getting information regarding the two with which he is least familiar. The line, divisional or departmental, heads may provide it for him, or they, acting as a committee, may assist him. With increased growth, still more advice and help is needed, and the respective divisional heads become so busy with their own work that they also need help and advice in carrying out their own duties.

THE FUNCTIONS OF THE STAFF

The line organization has complete responsibility for operations and with this responsibility is the authority to command when necessary. Because of this need for assistance in the discharge of their responsibilities, line executives have established staff officers and departments whose authority is the *authority of ideas, counsel, and service.* The staff does not have the authority to command nor to issue orders unless this authority has been specifically delegated to it.[3] Although there are isolated instances where a staff department is vested with line authority, this is not an answer

[1] See E. H. Anderson and G. T. Schwenning, *The Science of Production Organization,* John Wiley & Sons, Inc., New York, 1938, Chapter VI, for an outstanding discussion of the advantages and disadvantages of each of the organizational types.

[2] See National Industrial Conference Board, Inc., *Studies in Personnel Policy, No. 64,* "Company Organization Charts," New York, 1944, p. 5; also *Studies in Business Policy, No. 18,* 1946, pp. 4-5.

[3] James D. Mooney, *The Principles of Organization,* Harper & Brothers, New York, 1947, p. 33, states that the staff service has "three phases, which appear in a clearly integrated relation; the *informative,* the *advisory,* and the *supervisory.*" Supervisory in this sense is an inspection function.

to the problems involved in line-and-staff relationships. For example, Sharon Steel Corporation has placed its Director of Personnel in "a position to exercise the equivalent of line authority, especially in connection with the handling of complaints and grievances."[4] Sharon's management appears pleased with this organizational set-up, and it has worked well in this *particular* company. However, personnel is a staff function, and, generally speaking, it will be performed more effectively if it remains as such.

LAW OF THE SITUATION

It should not be inferred that the absence of line authority deprives the staff of the ability to get things done. Among men of good will, thoroughly indoctrinated in the institutional objective, the *authority of ideas* is as effective as the *authority to command*. For instance, in an automobile tire plant, the length of time a given tire is to be cured may be determined by a quality control department. This information, to facilitate action, may be given directly to the foreman of the curing department. While the foreman is not responsible to the quality control department, he is responsible to his immediate superior for using the information provided him by this staff department. The imparting of information across lines of responsibility rather than through the chain of command recognizes the facts of life as expressed in the *Law of the Situation* which says "that a successful solution of business problems depends in a large part on the executive's ability to determine the facts of the situation, his courage to face these facts, and his ability and willingness to follow the course of action which they dictate."[5] Some *purists* may argue that such action violates two of the *primary fundamentals of organization*: (1) the establishment of definite lines of supervision, and (2) the fixing of responsibility. In reality this is not a violation. The foreman is still responsible solely to his superior.

As the need for a staff agency emerges at any place within the organization, a basic problem must be answered: What is the proper role of the staff agency from the over-all organizational standpoint? The answer to this question requires a determination of the functions to be performed by the agency, the limits within which it is to act, and a clear-cut concept of its relationships with the other units of the entire organization. Surveys of staff operations indicate that the staff officer or department will perform an *advisory*, *coordinating*, or *service* function for the line; at times a measure of *control* may be delegated to the staff to be exercised in the name of and in behalf of the line. The different types of staff functioning are illustrated in the following outline:[6]

1. As a *control* agency in such departments as:
   - 1.1 Organization
   - 1.2 Cost
   - 1.3 Industrial Engineering
   - 1.4 Standard Practice or Procedure
   - 1.5 Budget
   - 1.6 Accounting
   - 1.7 Auditing
   - 1.8 Credit
   - 1.9 Personnel (Wage Administration, Transfers, Promotions)
2. As an *advisory* agency in such departments as:
   - 2.1 Legal
   - 2.2 Economics
   - 2.3 Public Relations
   - 2.4 Sales Engineering
   - 2.5 Industrial Engineering
   - 2.6 Personnel (Labor Relations, Training, Transfers, Promotion, Public Relations)
3. As a *service* agency in such departments as:
   - 3.1 Research and Development
   - 3.2 Engineering and Construction
   - 3.3 Purchasing
   - 3.4 Statistics
   - 3.5 Traffic
   - 3.6 Tax
   - 3.7 Real Estate
   - 3.8 Insurance
   - 3.9 Motor Vehicle or Traffic (company owned)
   - 3.10 Personnel (Employment, Restaurant, Medical)
4. As a coordinative agency in such departments as:
   - 4.1 Order and Distribution
   - 4.2 Production Planning and Control
   - 4.3 Merchandise
   - 4.4 Budget
   - 4.5 Personnel (Wage Administration, Training, Organization, Communications with Employees, Public Relations)

THE USE OF STAFF AS AN AGENCY OF CONTROL

Staff relationships may be divided into two groups: (1) *general staff*, in which the staff is concerned with almost anything its principal[7] is interested in, and (2) *technical staff*, in which the staff is primarily concerned with some specialized function. Of course, the same individual staff man or department may perform in both of these staff capacities if the principal so elects. When the staff assists his principal in control, it is usually on a technical basis. This is especially likely to be true when the function is on a continuing basis. If the assignment is temporary in character or only on a special-task basis, the relationship may readily be both general and technical. For instance, the plant engineer may design a new building or an addition to present facilities and actually exercise control by hiring and supervising the workers who construct the building or the addition. The actual "doing" or constructing is a line function within the engineering department although a staff function as related to the enterprise as a whole.[8] Should the engineers merely design the building and represent management in supervising (inspecting) the construction of the building by others, this would be primarily a technical staff function.

When the staff exercises control in the name of or for its principal, it is pri-

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[4] *Causes of Industrial Peace Under Collective Bargaining, Case Study No. 5*, National Planning Association, Washington, D. C., 1949, p. 10.

[5] Ralph C. Davis, *Business Organization and Operation*, H. L. Hedrick, Columbus, Ohio, 1937, p. 21.

[6] See P. E. Holden, L. S. Fish, and H. L. Smith, *Top-Management Organization and Control*, McGraw-Hill, New York, 1951, pp. 38-44.

[7] The *principal* is the person to whom the staff officer reports.

[8] It must be remembered that a staff department has an organization structure of its own. This is usually on a line basis; however, there may be a staff within a staff department. To illustrate, a large advertising department which is attached to the sales division may have a research section that serves the various units of the advertising department proper. Assume, for instance, that the company has its advertising work divided into units on the basis of each of its six products. Each unit head may call upon the research section for help.

marily in terms of established standards. This control is essentially an inspection of performance or the result of performance to see that it conforms to specifications or the rules that govern the action. For instance, the organization department in a few companies has charge of job evaluation and wage administration within the framework of established policy. The staff department may have acted in an advisory capacity in the establishment of the policy that it represents management in controlling. When the appropriate line executive puts through a raise for an employee, the staff department would check to see if it conformed to policy and then approve or reject it. This would be a *control activity.* Of course, if the line officer were not satisfied with the action, he could appeal to the executive who had supervision over both the staff and the line officer; or management might set up a wage administration committee with final authority to handle such appeals.

It should be kept in mind that control exercised by a staff is for its principal and is not the same as that control exercised by a line officer. It is nonetheless effective in spite of the differences in the source and the method of enforcement. It is complete within the area prescribed. Authority and responsibility for control delegated to the staff is more circumscribed than that delegated to the line. It is primarily the authority of ideas and knowledge as manifest through checking performance against established standards. The line still remains responsible for total performance. Of course, the staff is responsible to its principal for the accuracy of its action. It is in this "no-man's-land", where there may exist an honest division of opinion between the line and the staff, that one of the inherent weaknesses of the line-and-staff organization lies.

THE ADVISORY FUNCTION OF THE STAFF

The advisory phase of staff service is the most commonly recognized responsibility of the staff; the staff assistant is most likely to appear in this area. By the very nature of his duties, the line executive cannot be equally well-informed in all phases of his work. The time factor is also important. A staff aid may do much of the "leg work" to bring pertinent information to the operating executive in a useful summarized form. For instance, a specialized staff may investigate various methods of shipping. The findings of the various experiments may be submitted to the general manager in a detailed report of some one-hundred pages. This information may readily point to the only logical decision to be made. Normally it would take the executive at least three hours to wade through the details of the report of the technical staff. He might readily refer it to a member of his general advisory staff who is familiar with customers' and dealers' preferences, costs, and shipping operations. His broad experience and analytical ability may enable him to digest the long report so that he can present all of the needed information to his superior in a half hour. This illustration shows how two types of staff service provide information and advice to the line officer.

STAFF PROVIDES COMMUNICATION

The preceding outline shows only a few of the departments that may advise the line officer. In fact, almost any staff department or executive may provide information for the line. The cost department may show the inadvisability of continuing to produce or sell a particular item, but the advertising department may show that the particular item's goodwill-producing power offsets its low profit or even slight loss. The purchasing department may provide the line officer or the engineering department with information regarding a new product just coming on the market. The motion-and-time-study department (which is normally concerned with technical matters) may observe unrest, in its work in the store, office, or plant, that should be called to the attention of the line executives and the personnel department. The staff provides the line with additional avenues of communication—particularly in the important upward communication of information that may, through inadvertence or intent, not be passed on to the responsible heads. The staff advisory service provides technical information to the principal, saves him time in assembling and interpreting detailed information, and substantially increases the probability of the upward flow of information.

The term "service" is not particularly appropriate for describing the staff function of "doing for another person or department." The staff often does things for persons other than the line principal to which it is attached. For instance, the personnel department hires for all departments as a broad institutional service. Each department could do all its own hiring, but specialization in this activity tends to reduce costs and increase efficiency. Each department could do its own purchasing, engineering, record-keeping, and maintenance on an independent basis, but these functions can be more economically done centrally by a staff service department.

WATCH OUT FOR FRICTION

Considerable friction can arise in the area of staff service. The staff department naturally wants to perform its duties at the minimum cost consistent with service adequate to meet the needs of the department requiring the service. At times, the staff department seemingly loses sight of the fact that its only reason for being is the service it renders and takes the attitude that the operating departments exist to make jobs for the members of the staff department. In other words, the staff department "tells" the operating department and tries to make them like it. For example, the operating department needs a particular machine for a given operation and places a requisition with the purchasing department only to receive a different make because the purchasing agent could get a better price on the substitute. In such a situation, the purchasing department should have asked operating officials if the cheaper machine would be satisfactory before the purchase order was placed. (In this event, the purchasing department would have performed an advisory staff function.)

THE COORDINATIVE FUNCTION OF THE STAFF

Planning precedes organization, in that the organization itself requires a plan, and continues as an active requirement in making the organization effective. Execution is the "doing" phase of managerial operations. Inspection checks to see that the plans are executed according to schedule and specification. Coordination is the unifying activity of management that enables the members of the organizational team to move resolutely and with confidence toward the objective.

The primary responsibility for coordination rests with the top line officers. However, just as the line officer extends his ability to control through delegation to either a staff or another line executive, so does he extend his ability to coordinate by delegating a part of the responsibility to a staff executive or a staff department. Management is particularly prone to delegate a portion of its planning responsibility to a staff department. The actual approval of the plan and its release to the line for execution are usually reserved to the responsible line executive. In actual practice, management's approval may be confined largely to approving the broad policy of which the plan is a detail, and the staff may be authorized to put the plan into motion by releasing it to the line officers who must carry it out. This is especially true of production planning and control which is usually a staff department reporting to the factory manager. This department may receive the requests for production from the sales department (a copy going to the factory manager) and release orders to the plant on a departmental basis with no instruction or orders (other than standing orders), just as long as to do so comes within presently budgeted plans or current capacities. Should a new shift be required, this would require top management approval. There may be an agreement between the operating department and the production control department that production will be scheduled by the production control department to the actual machine and worker. Such a practice might seem to be bypassing the foreman and a violation of fixing of responsibility. In reality, such is not the case. In case of manpower shortage or other cause, the foreman can shift workers or jobs — having in mind, of course, the meeting of production requirements as scheduled. It is economical of time and takes advantage of the principle of specialization to delegate the scheduling function to the staff department. In other words, coordination is facilitated through the use of staff.

PITFALLS IN LINE-STAFF RELATIONSHIPS

As has been indicated previously, there is a "no-man's-land" in line-and-staff relationships which can be navigated safely only when the cooperating parties clearly recognize the common purpose and are not striving to engage in "empire building". In the case of the production-control department scheduling to the worker, if there is friction between the two departments, the foreman of the operating department may shift workers and work assignments to the extent that he is actually doing the work of scheduling in which event the detailed scheduling of the production-control department is wasted. For the foreman to do this, means that he is neglecting his job of supervision of production, or he has the scheduling done by one of his men who is only duplicating work already done. The foreman might so change schedules that delivery dates could not be met without overtime.

It would be perfectly all right to have the production-control department schedule only to the foreman and to have him assign one of his men to do the detailed breaking down of the schedule. But such a procedure usually does not make the most effective use of manpower and is likely to consume more of the foreman's time than is justified.

BALANCE IS ESSENTIAL

Everything that has been said about production control can also be said about personnel practices and to a lesser degree about cost records, industrial engineering, and purchasing. If a strong staff officer craves authority, he can readily reduce a retiring line officer to a position of subservience. The reverse is also true—a strong line officer may refuse to make use of the assistance available to him in the staff. When staff skills are not used, they are likely to diminish in effectiveness if for no other reason than that capable staff men will not remain on the job when they discover that their efforts are ignored. Should there be any assessment of blame for staff failures, it is probably more on the side of the staff representative than the line. Relatively few staff men really understand the delicate balance required in organizational structure. They really do not know the duties of the staff officer. Add to this the almost universal desire to "exercise authority over others" rather than to get things done through the influence of the "authority of ideas", and an unbalanced situation emerges. It probably can be summed up in the "desire for status". The line's failure to use the staff services effectively often stems from the same source, status. Some line officers feel that their importance is being reduced when they no longer hire their men, do their own purchasing, schedule their own work, do their own industrial engineering, and handle their own inspection. In a few cases, latent personality defects cause the line officer to react unfavorably toward an "outside authority" interfering with his work.

CAREFUL INDOCTRINATION

Staff employees are frequently more highly educated and have closer contacts with higher management than their counterparts in the line with whom they have daily contacts. In the case of a retiring line officer, this may cause him to give in too much to the staff or to let the staff assume his responsibilities.[9] In the case of an aggressive line officer, this may cause him to ignore the staff service.

The only way (known to the authors) to keep the line and staff relationships in proper balance so that each will in truth strengthen the other is careful indoctrination of both groups in company objectives and clear-cut functional definitions of each position. These two conditions should be supported by careful training in organizational principles and actually operating under the guidance of an executive who is keenly sensitive to organization needs. Under this executive's leadership a substantial body of custom will evolve that will provide much of the restraints and incentives needed to make the relationships effective.

SEVEN POSSIBLE PITFALLS

In summary, the pitfalls or inherent weaknesses of the staff relationship to the line are:

1. Staff advice can easily be confused with an order.
2. The line officers may easily strive to avoid making their own decisions and lean too heavily on the staff thus weakening the line officer and the entire organization.
3. A strong line officer may be annoyed by the staff and not make use of the service available to him. In this situation the staff tends to be weak, and even though it may

[9]See Paul Pigors, L. C. McKermey, and T. O. Armstrong, *Social Problems in Labor Relations*, McGraw-Hill Book Company, New York, 1939, pp. 9-13.

be excellent in research, the knowledge it possesses is not used and may die with the staff officer.

4. The dominant line organization may not keep the staff fully informed on operations. The staff cannot function to the best of its ability if it does not have a complete picture.
5. The major staff executives may fail to inform lower staff levels of all actions at the higher levels about which they should know.
6. The line principal may fail to inform his staff officers of the standards to which the staff agency is expected to conform. If the staff department has a clear understanding of this, then it can check on its own performance, thus alleviating many misunderstandings that may otherwise easily arise.
7. Since the staff is not responsible for results, at times it may not be so careful as it should be in giving advice, relying on the line to catch any defects. Psychologically this is not a good situation.[10]

[10]See Anderson and Schwenning, *op. cit.*, pp. 166.

SUMMARY

The relationship of the staff to the line organization is a delicate one fraught with inherent difficulties unless both parties thoroughly understand the relationship and strive to promote the general welfare of the company rather than to magnify differences. It is very important that the responsibilities of the staff be clearly defined. It is also highly desirable that both the line and staff officers be carefully trained in the theory behind the line-and-staff organization. Added to the clear definition of function and detailed training in principles is needed dynamic leadership by the line officers to keep the relationship in balance. It is so easy to retain the structure and name yet change the facts of a relationship over a period of time so gradually that the parties involved at the top are scarcely aware of the transformation. The people down the line who are most involved will know it, and also suffer considerable emotional distress, yet their voices may never be heard by the people responsible for correcting the situation.

When relationships are kept in proper perspective the staff may render invaluable aid in the areas of *advice, control, coordination,* and *service.* The final responsibility for keeping the staff organization in a balance relationship rests with the line officers. Aggressive individuals either in the line or staff tend to get more recognition than is their just due unless management is constantly on guard to see that the people who perform their duties quietly but effectively are given due consideration. This tendency is not confined to business organizations but is equally true of universities, government, churches, and the armed services. Eternal vigilance is the price that has to be paid to keep the "no-man's-land" of responsibilities between the line and staff clearly marked. Just as markers on the highway are often ignored, sometimes removed, or even shifted by selfish individuals so are functional definitions of responsibilities in organization at times ignored, or modified in fact, even though not changed in the organizational manual. Constant evaluation of the organization performance, careful follow-up training in institutional objectives, and a firm hand at the helm is required to keep the line-and-staff on a true course. When this is done individual satisfactions are increased and the work experience provides a way of life as well as means of earning a livelihood.

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Procedures in Industry and Business

By DR. MICHAEL ALBERY

Associate Professor of Finance and Industrial Management,
Boston College

Dr. Michael Albery

Procedures in enterprise are equivalent to established customs, traditions, enacted laws and municipal ordnances which govern the relations between all human beings.

RELATIONS BETWEEN human beings have to be regulated either by established customs and traditions or by formulated statutes. Lack of traditions or rules results often in chaos and anarchy. Citizens of a country or a state have to comply with enacted laws. People living in a community have to comply with municipal ordnances. Similarly the relations of men working in an enterprise, whether it is an industrial, commercial, municipal or charitable organization have to be regulated by established customs or by preconceived rules. These rules are known under the conception "procedures." Most of the modern enterprises embody their internal rules into the form of procedures.

The successful operation of industrial and commercial enterprises to a great extent depends upon the adhering to a definite course, set by these procedures. Lack of procedures contribute to confusion, duplication of effort and inefficiency. Without procedures senior and junior executives would be constantly obliged to make decisions in matters of simple routine and in matters of minor importance and would be constantly encroaching upon the fields of activities and authorities of each other. Well conceived procedures contribute to a smooth flow of operations.

The preparing of procedures has developed into a specialized profession. Some large enterprises employ a management engineer's staff, skilled in analyzing facts and arriving at the most efficient ways of reaching desired results, skilled also in formulating clearly and precisely the course of action to be followed.

Procedures of some of the large enterprises comprise sometimes several volumes and regulate the activities within these enterprises in the most minute manner. How are they prepared? What do they embrace? Who initiates them? Where do they start and where do they finish? How are they changed, revised and cancelled?

We will endeavor in the present paper to give a comprehensive answer and some comments to these questions.

In an enterprise of any size the procedures embrace the activities of the men employed from the moment of their interview for hiring to the moment of their dismissal or the termination of their services due to retirement or death. Procedures regulate the movements of the goods processed from the moment of the receipt of raw material to the shipment of finished goods. They also comprise the financial activities, including forecasting, budgeting, accounting, cost, payroll and purchasing.

DEFINITION

Procedures may be defined as internal instructions issued by the management of a corporation, institution or organization of any kind for the purpose of establishing definite guides to be followed in handling repetitive performances.

They comprise resolutions taken beforehand, so that every time a similar situation occurs, no special decision has to be taken by management.

In a broader meaning the word procedure may be used to include company policies, manuals, organizational announcements, organizational charts with delineations of duties and authorities.

"Manuals" are detailed instructions describing step by step the clerical functions to be performed in some definite field.

"Policies" are broad outlines of principles an organization adheres to, prin-

Highlights on the Author

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ciples regarding the contacts with outside parties, the kind of goods to be produced or traded, the overall personnel problems, the distribution methods, the financial planning, etc.

"Organizational Announcements" contain information about new appointments, new departments being formed, some departments being suppressed, resignation of executives, the duties of the mentioned executives, the scope of activities of their departments.

Procedures are often preceded by an outline of the policy referring to the special field treated in the procedure.

NECESSITY JUSTIFIED

The opinion has been often voiced that detailed procedures kill the initiative of minor executive and of the clerical help. The author has heard some executive expressing the opinion that broad outlines of policies should be sufficient for operation as they contain the expression of the thoughts of top management and serve as guides for junior executives.

These junior executives then have the possibility of using their ingenuity in devising their own methods, have the pride of having contributed to the good functioning of their own field of activity. It has been also stated that the ultimate results reached this way are better than the results reached by the precise outlines made by men not immediately associated with the field in question.

There certainly is some justification for this line of thought. It should be mentioned that if a junior executive has some good and workable conceptions, they certainly can be incorporated in a procedure encroaching upon the activities of other departments. As no department activity stands isolated, but in some way or manner is geared with the functioning of others—the integrations of the activity into the smooth functioning of the whole organization is certainly more important than the perfect performance of a single unit.

No senior or junior executive works in a vacuum. His activities at some point or other infringe upon the activities of other executives. If all of them followed what they consider the best methods, trying to enforce them upon the others—sooner or later a great coordination job would have to be faced. This coordination job may not please all concerned, as they might see some of their plans and schemes discarded. Ill feelings might result, which certainly never contribute to harmonious cooperation. Some old grudges never die. When a procedure is written and the writer keeps in mind the ties of a definite activity with all the other activities upon which it infringes,—the coordination is accomplished beforehand.

INFORMATIVE PROCEDURES

The influence of government agencies on business management is constantly gaining in importance. Keeping up to date with the government regulations has developed into a full time job for employees with legal training even in enterprises of an average size. These employees have to study the incoming regulations, have to find out whether and to what extent they affect their company's operations and inform accordingly the interested executives, department heads, section heads, etc.

Instead of leaving the interpretation of numerous regulations to several executives it proved to be simpler and more efficient to incorporate into procedures all the additional activities caused by these regulations. Emergency business controls infringe at present practically upon all the fields of business activities: suffice it to mention Manpower controls, Priorities and Allocations, Manufacturing facilities, Price Regulations, Controlled Material Plan.

Valuable services are rendered and considerable loss of time is avoided by incorporating into procedures the detail of activities to be undertaken to comply with the exigencies of a controlled economy. The controlled economy is with us to stay. It is liable to become rather more than less complicated. By digesting the regulations coming out in profusion, by extracting whatever concerns a particular company, by interpreting them correctly and by teaching precisely how to apply them or to comply with them, a most useful function is being performed.

PREPARING OF A PROCEDURE

Confronted with the task of preparing a procedure, the executive or management engineer has to keep clear in his mind the purpose aimed at. It is advisable to start a procedure with a description of its OBJECTIVE.

When the objective has been precisely defined, it is advisable to delineate the scope of the activities to be covered by the procedure. Then starts the tedious job of preparing the actual procedure. What are the milestones to be followed in order to arrive at positive results as quickly as possible? No absolutely definite pattern can be followed for all cases. Some cases require more, some less ground work. If a procedure is just informative and refers only to the ascertaining of responsibilities in connection with a new government regulation—the problem is rather simple. This kind of procedure will contain a digest of the information necessary for the intelligent comprehension of the job, a description of forms or questionnaires to be filled out, reports to be presented and the fixing of the duty on definite departments, sections, or individuals for complying with the new requirement.

Operational procedures, concerning several departments and their interlocking activities as well as their harmonious cooperation cover more ground and require a considerable detailed survey.

HELPFUL MILESTONES

The succeeding milestones will no doubt be helpful in arriving at actual achievements within the shortest possible time. The adherence to the milestones suggested by the author or any other milestones, as the circumstances may warrant—will certainly avoid haphazard operations and serve as guides along the road to the ultimate aim. The suggested milestones are:

1. A survey of the present situation
2. The drafting of a flow chart of the present situation
3. Studying the possibilities of improvement
4. Drafting of a flow chart of the improved situation
5. Discussing of the suggested improvements with the interested executives, department heads, employees, etc.
6. Preparing the outline of the procedure
7. Writing of the procedure

8. Securing of the formal approval of the department head concerned
9. Securing of the formal approval of Management
10. Installing of the procedure
11. Supervising of the proper adherence to the procedure.

Each one of the above steps can be split into a series of further milestones, depending upon the field to be covered and the circumstances. Some comment on each one of the above steps seems to be of avail.

A survey of a definite field should embrace the activities of each key employee, the employees occupied at the performance of definite tasks, the forms used, the copies distributed, the use to which the forms are put, the use made of the copies distributed.

TIME MARCHES ON

It has often been found by the author that forms introduced some time ago have entirely lost their usefulness. Circumstances have changed, the issuance and distribution of numerous copies has become wholly superfluous and by some force of gravity they are being issued, distributed, stacked up in filing cabinets. When suddenly suppressed, the only individual who misses them is the filing clerk.

A survey may show that forms are inadequately designed. The important features are not properly emphasized, while the unimportant are conspicuous. In some cases expensive and space absorbing cabinets are used, when the same valuable office space might be saved by introducing more practical and compact ledgers.

A survey may reveal that certain functions are duplicated. Two departments may perform practically the same functions and not be aware of it. Some functions may be performed by departments which are not predestined for the covering of the activities to which they devote considerable time.

When a department functions well and the employees are aware of this fact —a survey generally does not encounter opposition or difficulties. When a department has not fulfilled its tasks and when members of an organization have been complaining often about this department—the survey may not be easy. It is natural for department heads and employees to justify their existence and to endeavor and overemphasize the importance and necessity of their activities. It is up to the surveyor to distinguish the facts from the embellishments and to check into the necessity of the activities and to establish at the same time the ties with the activities of the other departments. What the surveyor actually makes is a management or organizational audit.

While the financial audit has developed into a routine activity and every company of any stature would never consider dispensing with the regular annual audit by independent accountants, the management or organizational audit has not yet become a standard practice. In the opinion of the author it is just as useful and may be more important ultimately than the financial audit.

While the financial results are brought to the attention of management monthly, the organizational fallacies and misinstructions are so close to the executives concerned that they often do not see them. Sometimes they do see them, but do not see clear in front of them how to remedy the situation. A survey by an experienced management engineer may become most valuable in this connection.

THE FLOW CHART

The second milestone, namely, the drafting of a flow chart is most valuable in gaining a clear picture of all activities involved in the field under study. By plotting the activities on a chart duplications, superfluous activities and doubtful ones become conspicuous.

The flow charts of all forms in use show an illustrative manner the amount of copies distributed and who received them. By glancing at a chart of this kind doubts arise immediately about the necessity of providing copies to parties who are only remotely connected with the field under study.

The study of possibilities of improvement or the third milestone may follow a definite pattern. The improvements aim at the suppression of superfluous operations, the speed-up of the processes involved, greater coordination of efforts between departments and last but not least—at cost reductions. By keeping these aims in mind and by systematically analyzing one phase of activities after another corrections and ameliorations can be reached almost everywhere.

The whole broad field of management engineering, industrial engineering, work simplification is wide open in connection with endeavors to ameliorate ailing situations.

The fourth milestone, namely, the drafting of a flow chart of an improved situation is not merely a mechanical function. The actual needs and functions of each department concerned have to be weighed. Some functions which have been performed for months and years may appear essential to the men performing them. An outside observer may easily come to the conclusion that they are either superfluous, too complicated, or mere duplication of effort.

He should not be influenced by rooted habits and prejudices. He should approach every situation with the idea in mind that a streamlining or simplification somewhere along the line is possible and that it can contribute to greater efficiency.

The flow chart of an improved operation should reflect the best thinking of the analyst, endeavoring to bring about tighter cooperation. Once this flow chart is made, his next task is to discuss it with the interested department heads or executives and get their reaction.

The fifth milestone, namely, the discussions with the men responsible for the carrying out of the activities involved may often prove to be most difficult phase of the procedure work. Some executives are inclined to consider a mere suggestion of changes in their operations as an indication of their inability to cope with their task. Others have been accustomed for years to proceed according to definite patterns and a deviation from these patterns perturbs them to such an extent that they are not inclined to consider any changes whatsoever.

In some cases the parties concerned may be induced to accept the suggested changes and improvements as just the ones desired by them for a long time, but which they have not been able to introduce due to lack of cooperation of the other departments. They will then welcome a coordinating activity and will assist in reaching the desired progress.

The sixth milestone, the preparing of the outline, as the next following step

suggested above, should conform to the pattern set in the flow chart. It should contain the main phases of work to be performed in the proper sequence as well as the forms to be used on each particular operation. A clear and precise outline is indispensable for the prompt accomplishment of the job. It will make the actual writing of a procedure a relatively easy job.

WRITING THE PROCEDURE

With regard to the actual text of a procedure it is recommended that it be written in short, clear, unequivocal sentences. Though not to be meant as a literary production, it should be correct grammatically and in syntax. Should the procedure writer not feel firm in these two fields, he should not consider it beyond his dignity to resort to the services of an expert.

No procedure will be easily installed if it does not have the wholehearted support of the departments concerned. To reach this support it may be advisable to induce department heads concerned to assist in the writing or in the outlining of the procedure. If they are too busy to participate actively in this job, they should be consulted during the performance of the task to be certain that they are "getting what they want." It then becomes "their" procedure, which they will readily endorse and sign formally.

The eighth milestone, i.e., the formal approval of the men who have to live with the procedure, and have to carry out all the tasks involved to the best advantage of an organization is of importance for the future flow of operations. Top management will be less hesitant in giving the ultimate acquiescence to a procedure, when the same has been formally approved by the departments which will have to carry out its directions.

IMPORTANCE OF FUTURE FLOW

As most of the procedures encroach upon the activities of several departments no procedure should be issued without the approval of a member of top-management. The higher the rank of the executive approving a procedure, the more weight it will carry in the organization. In some organizations the presidents make it a point to authorize all procedures. In other organizations the executive vice-presidents sign them.

When a member of top-management reserves to himself the right to approve all procedures, — he contributes to a tightening of the organizational structure. He concentrates the legislative activities of the organization in one stop, namely, an assistant's or management engineer's office working for him. He takes out of the hands of the other executives the possibility of issuing "organizational memos," "internal instructions," etc., which are nothing else but procedures issued by one particular unit and may not be properly coordinated with the activities of other parts of the organization.

The last milestone mentioned at the beginning of the paper, namely, the supervision of the adherence to a procedure should not be construed as a police measure. It should rather be considered as a pedagogic activity. The aim in this connection should be to lead towards the performing of activities in a more efficient way to better coordinate the activity of one department with the activities of the other departments, and to induce the parties involved to make suggestions for improvements and to make request for changes, should changed circumstances warrant a change of procedure.

INSTALLING OF A PROCEDURE

How should a procedure be installed?

Two schools of thought prevail. According to one, the procedure writer should make a "selling job." He should persuade the individuals who will have to apply the procedure that their activities will be more efficient when following the directives included in the new procedure. He has to gain them to his point of view or make them believe that he is actually putting in writing, theirs, not his ideas. The other school of thought favors the enactment of the procedure the way the management engineer or procedure writer considers it best in the company's interests and regards the persuasion task a waste of time.

MERIT IN BOTH

The author is of the opinion that under varying circumstances both schools of thought have their merits. The persuasive methods may sometimes drive to despair even a most experienced and patient management engineer. He may feel frustrated for having tried to put on the proper track elderly and prejudiced minor executives, who are so imbued with their way of "doing things," that any other methods remain beyond their power of comprehension. He will then regret his persuasive efforts and bitterly repents for not having followed the second method.

When top management has been convinced that a procedure contributes to the elimination of confusion and to an increase of efficiency it should have the courage to enforce the procedure. Halfway measures, postponements, hesitancy undermine the authority of management and of those entrusted with the devising and installing of procedures.

Once a "good" management has signed a procedure, this procedure becomes law and everybody concerned should know what consequences the violation of law draws.

CONCLUSION

Exaggeration can be detrimental in any field of activities. Procedures can be carried to such an extreme that no employee dares to make the slightest move without being "covered" by some definite instruction. The author came in contact with an organization where elementary routine work has been piling up for weeks due to the fact that no procedure has been issued to embrace a somewhat changed situation. Total lack of procedures on the other hand becomes an inducement for making changes "on the spur of the moment." These changes are bound to affect other parts of the organization and naturally cause confusion. Confusion is the greatest enemy of efficiency. Confusion causes loss of time, loss of production, dissatisfaction and grief. Any procedure which contributes to the avoiding of confusion is worth being written and carried into effect.

Procedures are not everlasting. Changing circumstances may make it pertinent to change procedures, to adapt them to changing conditions. Laws and statutes sometimes have to be altered or cancelled. The same is the case with procedures. A constant revision of the procedures, the ascertaining of the fact that they continue to reflect the actual and timely exigencies constitutes an important task in any dynamic organization.

The eyes of the factory, the control room. Here a constant stream of vital production data flows to the electronic pens and the wire recorders.

PROPER COSTING

Cutting the Costs of Costing

By G. KEMPTON SMITH
President, Kempton Smith, Inc., New York City

The bugaboo of factory owners and cost accountants. Whether you're making ten units or ten million, these electronic controls and wire recorders slice overhead, speed scheduling, and jump up output, too.

"THE OPERATION WAS A success—but the patient died."

Talk to any good cost accountant or comptroller and he'll tell you that proper costing is at the core of competitive manufacturing. Yet, while the design and development of innumerable paper systems mount to the equivalent of a paper blizzard, top-heavy administrative burdens eventually sound the death knell of even the most hardy survivors of the first six months.

At least one mass manufacturer of paints and brushes has attacked the problem in a uniquely successful fashion.

By the installation of wire recorders, completely automatic posting instruments, and electronic counters, one girl now assembles all factory production data in about one hour a day—and that without ever having to leave her desk! The rest of her time is spent in varied, general secretarial and office duties.

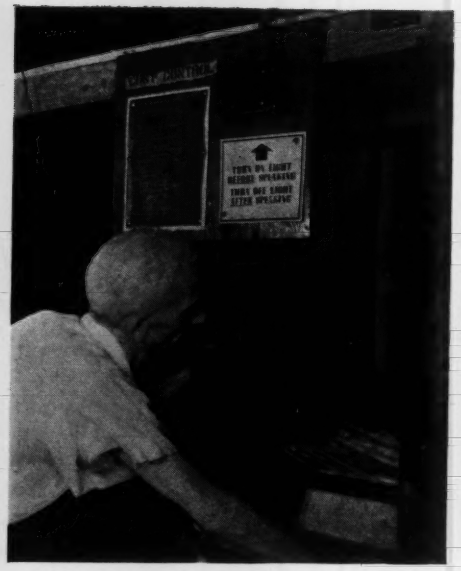
Unlike other systems, complete and unquestionably accurate cost and production records are placed on the desk of the chief executive every morning by 10 A.M.

Now more than ever, with labor costs and break-even points ascending skyward like homesick angels and many products in danger of pricing themselves out of the market—it's vitally necessary to slough off the excess fat in non-productive administration.

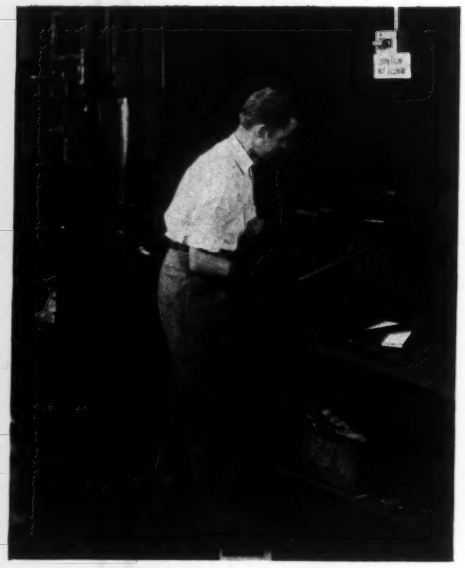
These tools will not only help you to trim ship; they also provide extra dividends in increased output, better schedules and material savings.

While the factory operators have often wryly referred to the system as "the handwriting on the wall", the complete and unquestioned accuracy of these records have actually helped morale.

Where formerly it took an operator between five and ten minutes to laboriously fill in his production and cost records, he now merely presses a button and tells his story to the wire recorders in the control room. Where arguments as to the accuracy and integrity of factory production standards were interminable,



The ears of the factory, the electronic cost centers, where the worker merely flicks a switch and speaks his piece to the control room recorders.



A typical work station installation for bench of hand workers. Note simple foot switch which allows operator to record without interrupting the work rhythm

Sandwiched in between her innumerable regular duties, the secretary transcribes the recorded data of the previous day.

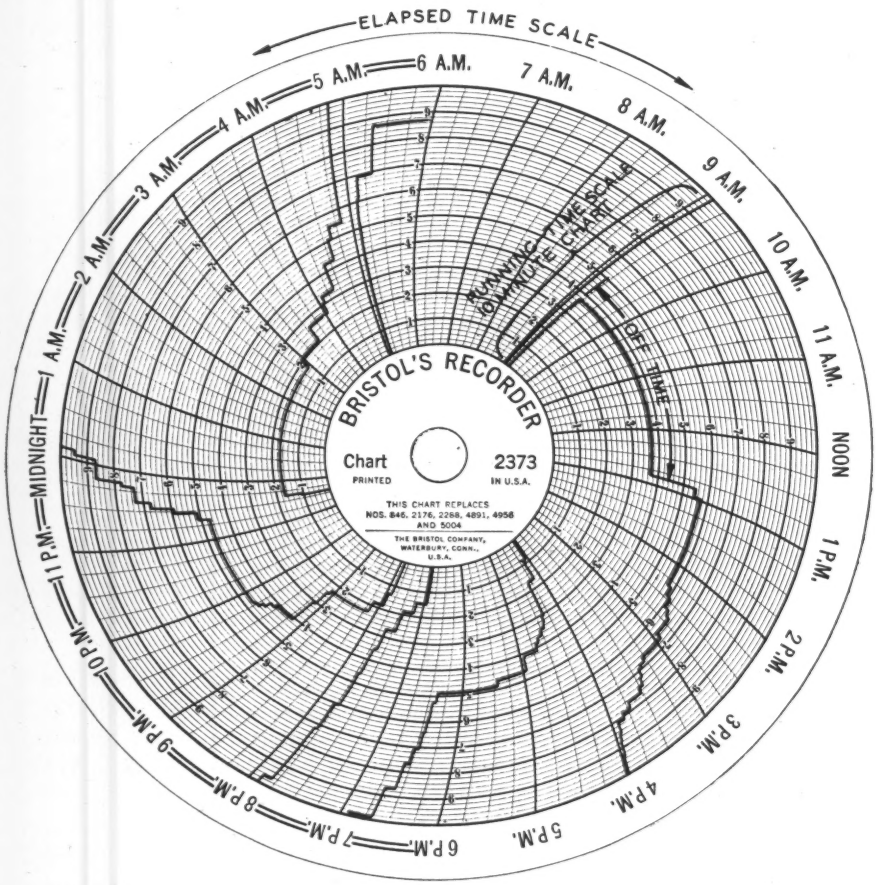
now peace has broken out—since no one can, or does, question the formidable array of actual production history which the machines have accumulated since they have been in operation. Where once it took two to four weeks to receive questionable records at best, the same data is now instantly available in writing. And finally while most seasoned factory executives know that cost systems come and cost systems go—the machines go on silently forever.

The heart of the system is the control room where the pulse of the factory is taken. Here on the wall directly in front of the manufacturing executive, the production counters click, the charts turn, the pens write their own electronic language while the vital statistics of the factory flow in a constant stream into the battery of wire recorders.

While the system is the extreme of simplicity and economy in its operation, its actual installation requires some degree of specialized engineering and production knowledge. Certain machines or operations required their own custom-tailored application.

For example the grinding mills register on recording ammeters which by remote amperage reading show the exact speed and actual production of each mill. And the instruments cannot be fooled.

A typical recording ammeter shows when the machine is down; when it is idling at low speed with nothing in it; when it's running in low gear under pro-



Face of operation time recorder charts which not only show the time and pace at which production occurred but even indicate the percentage of available machine time used.

duction; when it's idling at high speed; and when it's producing at high speed. And there's nothing much the operator can do about it—even if he wanted to, which he doesn't—since the controls are spliced into the actual power source that operates the machine.

Filling machines and the conveyor lines work on the same principle, though with slightly different recording instruments. With tricky operation time recorders an electronically written record is kept, showing not only the actual times at which production occurred, but the quantity and the nature of the production, as well as the exact percentage of available machine time which has been put to use.

For the purpose of giving an immediate and constant cumulative production count, microswitches on the machine activate inexpensive solenoid operated production counters, both at the machines and in the control room.

Even the few remaining hand-workers at benches and conveyors report their production automatically and without interrupting their regular work rhythm by depressing inexpensive foot switches which activate counters both directly in front of the worker at the work station and the control room. Still another type of electronic recorder writes down the time and duration of production.

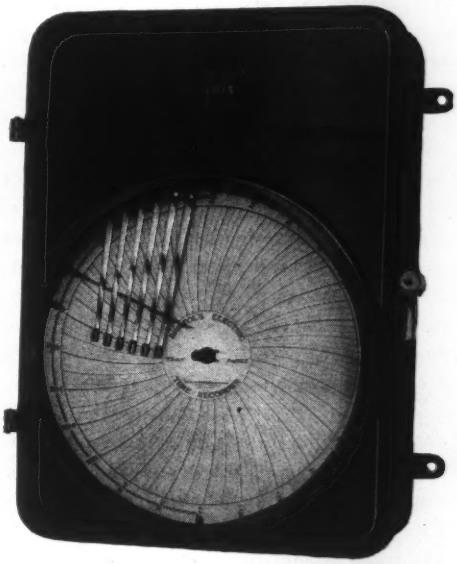
Where quantity control is important, predetermining counters are used. These either flash a light, ring a bell, or open a circuit for the worker automatically when the end of a run has been reached and prevent overproduction of components and consequent loss due to unbalance of the work-in-process inventory.

In order to do away with the necessity of a full time attendant in the control room, operation descriptions and other data are called into office by the operator by merely flicking a switch which at the same time flashes a light at all other cost centers telling other operators that the system is in use; at the same time the switch turns on one of the battery of wire recorders in the control room.

Actual operator time for recording averages about seventeen seconds as opposed to the five or ten minutes formerly used in laboriously filling in complicated forms.

Total equipment cost for the two wire recorders and six reporting stations runs to about three hundred dollars if the proper equipment is used. Installation runs about another hundred.

Two wire recorders are used most practically. While one is busy recording the heart-beat of the factory, the other is used by the secretary and control operator for transcribing the record to the daily production sheet.

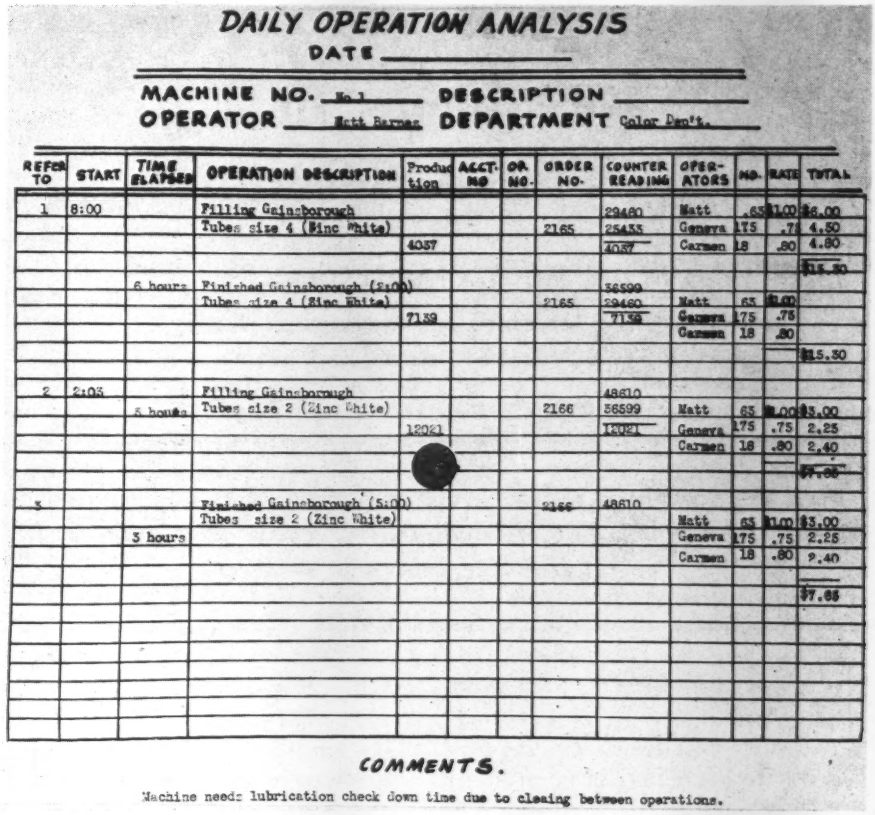


Six pens on one transcribing unit handle multiple factory functions.

Even the job of the control operator is simplified. The whole system turns itself on and shuts itself off automatically with a simple electric alarm clock arrangement. The entire set-up requires little or no maintenance or supervision, and the girl spends only about an hour a day from her regular duties to assemble the information for the daily production report.

Six month's operating history of the system has proved its worth beyond question. Increases in worker output, due to for closer impersonal supervision, have been much greater than expectations. Administrative cost approaches the zero mark and executive time has been released from the irksome and expensive detail in which so many supervisors bog down.

The constant stream of enthusiastic visitors to the plant leave little doubt that this type of control will shortly become standard practice in an increasing number of competitive industries.



DAILY OPERATION ANALYSIS

DATE _____

MACHINE NO. No 1 DESCRIPTION _____

OPERATOR Matt Berner DEPARTMENT Color Dep't.

REFER TO	START	TIME ELAPSED	OPERATION DESCRIPTION	Production	ACCT. NO	OP. NO.	ORDER NO.	COUNTER READING	OPERATORS	NO.	RATE	TOTAL
1	8:00		Filling Gainsborough					29460	Matt	63	$1.00	$6.00
			Tubes size 4 (Zinc White)				2165	25433	Geneva	175	.75	4.50
				4037				4037	Carmen	18	.80	4.80
												$15.30
		6 hours	Finished Gainsborough (5:00)					36599				
			Tubes size 4 (Zinc White)				2165	29460	Matt	63	$1.00	
				7139				7139	Geneva	175	.75	
									Carmen	18	.80	
												$15.30
2	2:03		Filling Gainsborough					48610				
		6 hours	Tubes size 2 (Zinc White)				2166	56599	Matt	63	$1.00	$3.00
				12021				12021	Geneva	175	.75	2.25
									Carmen	18	.80	2.40
												$7.65
3			Finished Gainsborough (5:00)				2166	48610				
			Tubes size 2 (Zinc White)						Matt	63	$1.00	$3.00
		3 hours							Geneva	175	.75	2.25
									Carmen	18	.80	2.40
												$7.65

COMMENTS.

Machine needs lubrication check down time due to cleaning between operations.

Reverse of recording charts is immediately available for cost analysis and quickly enough so there's time to do something about it.

Problems In Executive Selection

By MILTON M. MANDELL

Chief, Administrative and Management Testing,
U. S. Civil Service Commission, Washington

With the growth of industry, the executive count has grown by leaps and bounds. The evaluation of executive standards needs careful scientific study and research.

IN CONQUERING any research or administrative problem the first step has to be the recognition that a problem exists. In executive selection, few people now question the need for better methods, although most people are skeptical of the possibilities for success and many are dubious as to the value of present efforts.

Professor L. L. Thurstone, one of the foremost psychometricians in the United States, found a basis for this feeling of skepticism on scientific grounds, saying, "The intellectual and temperamental qualities that insure success in administrative work are probably more complex than almost any other group of abilities that can be thought of. Psychologists who investigate fundamental human traits would undoubtedly seek to investigate first those traits which can be assumed to be less complex."[1]

Executives for their part, hold four attitudes on the subject of executive selection, according to Lawrence Appley. They are:

> We recognize these truths and we have agreed upon and are following a very specific program from which we are receiving great benefits; we recognize these truths but we cannot agree upon methods and are, therefore, in the process of trying to discover the best method for our own use; we agree in part with these truths but believe that experience on the job is sufficient and that no special attention is required; we believe that this is all pretty much theory and that competent management will show up from within our ranks whenever the need arises.[2]

REASON FOR DEFEATISM

One of the most important reasons for the feeling of defeatism in this area of selection arises from studies which have been conducted where the results were either apparently contradictory to each other or led to negative findings. It is natural that such results should lead to pessimism, but it can be contended that the apparently poor results are sometimes only superficially so. In addition to the usual reasons why studies of this kind may be inadequate, there are a number of ambiguities in these particular studies that partially remove the justification for the claims of contradiction or failure to obtain significant results. In the first place, there have been frequent differences in the types of positions included in such studies. Secondly, there have been wide differences in level of positions included, with first-line supervisors lumped together with top executives and both labeled executives. Differences in the nature of organizations have led to different considerations in evaluating the subjects of the study for the purpose of establishing the criterion. Also, because many of the investigators have not had the opportunity to obtain full job information, they have not been able to develop the insight needed for determining which selection methods to try and which criteria to use. These pitfalls add to the difficulty of conducting such studies, but they do not destroy the possibility of obtaining worth-while results if the studies are carefully conducted and the data are categorized and analyzed with insight.

There is general recognition, furthermore, that all other efforts at improving management, whether by means of bettering selection or training of rank and file employees, professional employees, or supervisors, or by bettering organization structure or work techniques, are ultimately dependent for their full effectiveness on the catalytic reaction started and maintained by the quality of the executives in the organization. Solving these other problems of selection, training, organization, and methods is of high, but none the less secondary, importance until the quality of executives is improved. The late Edward Stettinius, former Secretary of State, made an impressive plea for a solution of this problem when he said:

> In the old days, when the largest businesses were small in contrast with many today, when it could be said much more accurately than now that "every business is the lengthened shadow of one man," when that man could and often did know each of his employees by first name, a list (of executives) and a list only was needed but today, when business enterprises are designed as self-perpetuating organizations, when their executives are frequently numbered by hundreds and their employees by many thousands, when the art of management has of necessity come to resemble navigation —by instrument largely—is it not obvious that ways and means must be found to discover and evaluate executives in accordance with pre-established standards? Isn't it at once desirable and imperative that we bring to this problem something of the scientific spirit?[3]

Since very little research work has been done in this field, few of the findings, either negative or positive, can be

presented as fully substantiated. Furthermore, much of the research work has been done on school and college students, a procedure which may be experimentally desirable and necessary but which imposes a handicap in applying the findings to work groups.[4]

POSSIBLE PRESCRIPTION

There will be a number of reactions to the statement that no set of recommendations for executive selection can be fully supported by experimental evidence. The most common reaction to this situation will be to wish to reject any findings until a fully developed body of knowledge is available. One can appreciate this point of view when it is taken by a scientist. For the administrator who must in any case take action on the selection of executives, however, the following philosophy may be pertinent. The real question is not whether it is possible to be "scientific" in choosing between two administrators. The choice will be made anyway. The real question, therefore, is whether it is to be made with more or less information, with more or less reflection, with more or less rationality.[5]

At the other extreme, as a result of the urgent need for worth-while material, there is sometimes a desperate acceptance of any new material that seems worth-while, no matter how dubious the basis for determining its value. A corollary to this situation is the fervent faith of some persons in the efficiency of methods they themselves have devised. A top official of a large financial institution has been reported to maintain that, in making 300 appointments to executive positions in his organization, he has selected only one person who proved unsuccessful. This is a fine record, but one wonders whether his methods, if applied in another organization or evaluated by another executive, would meet the test of furnishing equivalent results.

Because of the different types of people who are affected by an executive's actions, and because of the psychological role played by an executive, it is natural to find, as research at Ohio State University has indicated, that those who evaluate executives may be revealing more about their own characteristics than providing useful data for research purposes in executive selection. One of the findings at Ohio State in a study of school superintendents and teachers was that "teachers who were committed to maintaining large status differences in a wide variety of social, political, and economic situations were those who wanted most direction, and clear 'leader' rather than 'member' behavior, from their 'ideal superintendent.' "[6]

It is highly probable that no firm solution to the problem of executive selection will be found until psychologists have first defined and learned how to measure personal characteristics in general. After this is done, the specialist in executive selection can select for his own work the pertinent findings from the general field. It is probably inadvisable, as study of the natural sciences indicates, to permit the lack of pure research to stop the applied researcher from continuing his work, because developments in pure and applied research have a reciprocal influence.

A MAJOR OBSTACLE

A major obstacle to progress in the field of executive selection is the possible unacceptability of the prescription that may be finally formulated. This is a real possibility and has undoubtedly discouraged some research workers.[7] Physicians are dealing with essentially the same problem when they develop medicines to be administered by injection and then have to find methods for their oral administration so that the medicines will be used. Perhaps the answer in the field of executive selection is the same — namely, finding the oral equivalents, which are generally acceptable, of written and other types of test materials that may not be used because those who make the decision are frequently loath to subject candidates for high-level executive positions to written tests and devices to measure personality and interests. Professor Bradshaw of Harvard has pointed out:

> Many controllers were found to be casting about for some application of science to the art of selecting men. Very often considerable training money is expended upon a man before it is discovered that he is unsuited to do the work for which he was hired. More frequent and more insidious is the case of a man who spends his life performing a routine job which represents his ceiling in a particular area of work but which is far below his ceiling in another area of work. The possibilities of unleashing human energies by proper selection, or by helping them to "select" themselves, are enormous. For that reason alone psychological testing must receive careful scrutiny. The controller who waves aside psychological testing as being "too theoretical"—some of it is—and who condemns its practitioners as pseudo-scientists—some of them are—is not making use of the selection tools available to him. On the other hand, as in all developing sciences, the chances of misuse of psychological testing devices are great. As much harm can be done by leaping before looking as can be done by not looking at all.[8]

A few companies, recognizing the importance of accurate selection for executive positions, have been willing to use tests, but most organizations would hesitate to do so, even if they were substantially convinced of their value. But the first task still remains—namely, the development of valid measures, palatable or unpalatable as they may be.

One among many other special difficulties in this area is the fact that the "man can make the job." If this is so, and observation of the situation indicates that it is so, then reliance on conventional job analyses as the beginning point for the development of selection methods may be a dubious practice. It is suggested that the solution to this problem is an analysis of the objectives and needs of the organization and the skills of the present executives, so that the skills of the new executives can be considered in terms of organizational needs and as a supplement to the skills already available. Either determining the methods of operation of the executive who has filled the position or looking backward on what types of persons have done well in the organization may be a self-defeating approach, because it fails to recognize the dynamic character of organizations. The fateful world in which we live may be so different from the world which existed when our present generation of executives was selected that a fresh, bold appraisal of the future is needed in order to avoid serious mistakes. The increased size and number of problems are sufficient

changes in themselves to justify a completely new assessment of executive responsibilities.

The nature of an executive's position inevitably limits the area of selection for executive positions. There are many persons who, in terms of outward attributes, are highly qualified for executive work but who for various reasons would not be interested in doing it. The demands on an executive in terms of physical and mental tension are considerable, and the work frequently requires the actor's ego in stealing a scene. These conditions are undesirable to many able well-adjusted persons. The available supply of candidates is, therefore, considerably reduced because many people do not consider the possession of authority and the receipt of high monetary rewards to be sufficient compensation for the undesirable characteristics of executive work.

NOT ENOUGH TO GO AROUND

The opinion is offered that the requirements of executive positions are such that no nation, no matter what the general calibre of its citizens may be, has sufficient persons with the all-round characteristics needed to fill all executive positions. In discussing this problem, Luther Evans, the Librarian of Congress, said:

> Being head of an agency—requires a combination of requirements which, as far as I know, no human being has in the measure which the situation requires for the most successful and satisfying achievement. . . . The demands on the human organism of being an agency head—demands for imagination, capacity of mind, endurance, retentiveness of memory, width and depth of learning and understanding, composure and sense of justice—are more than any human being can provide, as far as I know.[9]

Professor Drucker, in commenting on the shortage of executives, has said:

> The need for leadership has been growing almost geometrically while the production of experienced and tested leaders has shown a tendency to decrease with the expansion of modern mass-production industry.[10]

If this problem exists, and the available facts seem to justify the assumption that it does, what are the solutions? The first and most obvious is the long and carefully developed training program for those who, after careful evaluation, seem to have the best potential for executive work.[11] The second solution requires abandoning in most cases the search for the mythical perfect executive and substituting the concept of the search for the person who has, in best developed form, the abilities required for a particular executive job in terms of the organization's projected needs and in terms of supplementing the skills of the present executive team.

It is generally true of every field of science, and it is certainly true in the case of research work in the field of executive selection, that the myths which exist tend to hinder initial progress. Many stereotypes exist in executive selection. For example, the consideration of social origin in the selection of cadets for the British Navy was the subject of a scathing denunciation by Winston Churchill.[12] Belief in such myths needs to be eradicated because it hinders research in this field and because its continuance will reduce the acceptability of the results of research work.

Because it is customary in all occupational fields to attempt to identify future practitioners at a relatively early age, those interested in executive selection have made similar efforts. The physicist, engineer, physician, lawyer, machinist, and carpenter finish their education and apprenticeship relatively early in life, are then evaluated and selected for positions, and immediately become practitioners of their professions and trades. In executive selection, however, it is generally neither necessary nor desirable to determine who will be the future executives before the candidates are between the ages of 25 and 30, and the final decision should probably not be made before they are between the ages of 32 and 35.[13] A British student has said on this question: "I can think of no surer way to debase the quality of British management than to try to restrict or direct its entrants at source, while they are still almost wholly unproved to the selectors and to themselves."[14]

There are a number of reasons for this recommendation. The most important is that the methods available for evaluating potential for executive work at an early age are inadequate. The methods that are available are such that fewer mistakes will be made if the decision is postponed as long as possible. We recognize, when it comes to retirement, that persons of the same chronological age have widely differing capacities. We should apply the same principle, in reverse, in considering young men. At a given age several individuals may get different ratings for executive posts because they are at substantially different stages of development though they may be equal in potential ability. It is recognized that there is need for a long training period for future executives, but the years between 25 and 38 can accommodate this training period in most cases. It is also recognized that too long an exposure to one narrow type of work will injure the future executive in his performance of administrative duties. Despite this, it would seem more desirable to use the new employee as a technician for his first two or three years. Three advantages and no disadvantages would seem to accrue from this proposal. First, the employee will "get his feet wet" and learn at first-hand the actual work he will later administer. This will provide an empathy which is better acquired in this manner than by imagination. Second, and more important, it will provide his superiors with an opportunity for observing his personal characteristics and work habits, many of which, though the distinction between executive and technical work must be observed, are related to executive success. The information acquired by this method, assuming that skillful people evaluate it, is probably more valid than that obtained from the available formal methods for measuring the same characteristics. Finally, the later the decision is made, the more probable it is that it truly reflects the stable interests and characteristics of the individual.

It has been found in this connection that there is a lower correlation between measurements of an individual made at age 20 and again at age 30 than between measurements made at age 30 and at age 40 in many of the facets we are interested in for executive selection. William James said that a man's character was formed as in a plaster cast by the time he reaches 30, but he did not specify age 20 or 23 or 24 as the solidification point. The following descriptions of two persons when in their

early 20's are relevant. One of them was described as follows:

> In his early twenties he was pudgy in appearance, genial, open, and sometimes rude. He was not brilliant or incisive but was energetic, methodical, conscientious, dependable, and had sound common sense. His personality was not captivating. He was stubborn, cautious and conservative, and had little interest in ideas. When opportunities presented themselves to him, he accepted them but did not go out of his way to create them for himself.[15]

The second was described in the following manner:

> At the age of 21 he was of medium height and thin. He wore glasses, had an unpleasant toothy grin and affected flashy clothes. He spoke indistinctly, stumbled, hesitated, appearing almost to have a speech impediment. His companions thought he was queer and eccentric and his seniors were irritated by him. He was a particular nuisance in class, bumptious, cocky, boyishly positive, know-it-all. He was earnest, outspoken and tactless. His hot temper, nervousness, and boyish manner made an unfavorable impression. He was a good student, making Phi Beta Kappa in his senior year. He had an array of interests and for some time after college graduation he was unable to decide what he wanted to do in life.[16]

It is obvious that the preconceptions of most people would have led to the rejection of both of these persons for executive training positions at this age. Yet, they later became, as judged by American historians, two of the greatest Presidents of the United States. They were, respectively, Grover Cleveland and Theodore Roosevelt.

Related to this concept of delaying action on executive selection until employees have had a few years of work experience is the fact that practically nothing is known definitely regarding the effect that holding a particular job has on the occupant's interests and personality.[17] Psychologists have studied the effect of an employee's interest and personality on job performance, but they have not studied adequately the effect of a job on the man. Until we know more about this subject, prediction of the future becomes tentative for those factors, such as interests, achievement, and personality, which are most directly affected and conditioned by experience.

The main problems we are faced with in executive selection seems to relate to the inadequate information available from pure research work that can be applied to this field, the administrative difficulties in conducting the research work, the need for more precision in defining and conducting these studies and analyzing the data, and the potential difficulties in getting use made of worth-while results. Considering the recognized need for better executive selection by all groups—industrial, governmental, religious, social, and military—it can be expected that increased attention will be paid to this problem. Since it took about twenty years after recognition of the problem to achieve generally satisfactory methods for clerical selection, it is unlikely that definite results can be expected in executive selection in a substantially shorter period, despite the acceleration in psychological research work.

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[2]Lawrence A. Appley, "President's Scratch Pad," *Management News*, October 31, 1950, p. 2.

[3]Edward R. Stettinius, *The Selection and Development of Executives in American Industry*, a paper presented at The Harvard Graduate School of Business Administration, September 17, 1936, and quoted in F. F. Bradshaw, *Developing Men for Controllership* (Boston: Graduate School of Business Administration, Harvard University, 1950), p. 56.

[4]It has been noted in this connection: "There is no assurance, for example, that the investigator who analyzes the biographies of great men is studying the same kind of leadership behavior that is revealed through observation of children's leadership activities in group situations. It is of interest, however, that some of the studies employing the two different methods yield remarkable similar results. On the other hand, there are some factors that appear only in certain age and social groups or only when certain methods are employed." Ralph Stogdill, "Personal Factors Associated with Leadership: A Survey of the Literature," *Journal of Psychology*, 25 (1948), p. 38.

[5]This statement is a paraphrase of a comment included in Edward C. Banfield, "Congress and the Budget; a Planner's Criticism," *American Political Science Review*, 63 (1949), p. 1224.

[6]Richart T. Morris and Melvin Seeman, "The Problem of Leadership; An Interdisciplinary Approach," *The American Journal of Sociology*, LVI (1950), p. 154.

[7]At the Eighth International Management Congress in Stockholm in 1947, Lord Leverhulme presented a paper on "The Wider Application of Science in Management," *Proceedings of the Congress*, 1948, Stockholm, pp. 118-120. In this paper, Lord Leverhulme listed nine reasons for the failure to adopt scientific methods and scientific results in management. These reasons are: (1) reluctance to change because of contentment with the present situation; (2) the extra effort of thought and action required in order to examine existing methods and try out new methods; (3) the conviction that experience is the best teacher and that we should capitalize on experience—in other words, the failure to be open minded; (4) the thwarting of individual egotism by scientific management because such management demands painstaking research, systematic experiment, and constructive and carefully planned development; (5) the fear of the man in the groove that if he leaves the groove he will be shown to be inefficient and outdated; (6) the resentment of specialists toward the intrusion of investigators; (7) individual abuses of science leading to its general condemnation — in other words, those who misuse science injure the adoption of scientific results by others; (8) outright opposition to science as the result of either the abuse of science, the suspicious mind, or the possibility of financial loss to those involved; and (9) the desire to protect technical efficiency by preserving existing management practices.

[8]Bradshaw, *Op. cit.*, p. 42.

[9]Luther H. Evans, "The Administration of a Federal Government Agency," *Library Journal*, 75 (1950), p. 1243.

[10]Peter F. Drucker, *Concept of the Corporation* (New York: The John Day Company, 1946), p. 31.

[11]Very often a single characteristic can seriously affect executive performance. For example, it is said of "Stonewall" Jackson that he did not confide in his subordinates. A number of missions ended in disaster because his subordinates had insufficient information. It would seem that this type of fault could be corrected better by effective supervision than by formal training.

[12]Winston S. Churchill, *The Gathering Storm* (Boston: Houghton Mifflin Company, 1948), pp. 760-761.

[13]One important exception to the statement that it is generally not necessary to determine at an early age who will be future executives is the situation of the military forces and the Coast Guard, who begin to train their future executives at about the age of 18 at West Point, Annapolis, and the Coast Guard Academy. The dangers of early selection in these cases are reduced by a number of factors. In the first place, the graduates of the military and Coast Guard academies who are not suitable for executive positions can fulfill their careers by high quality work in technical or supervisory positions. Too many persons who are not suitable executive material graduating from these academies would present a serious problem, but if the proportion of unsuitable persons is small, the problem is not too great. A second reason why the situation in the military forces is different is that the services provide extensive training and development opportunities for the graduates of their academies. This training compensates for the initial handicaps of some persons. The reason this is so is that

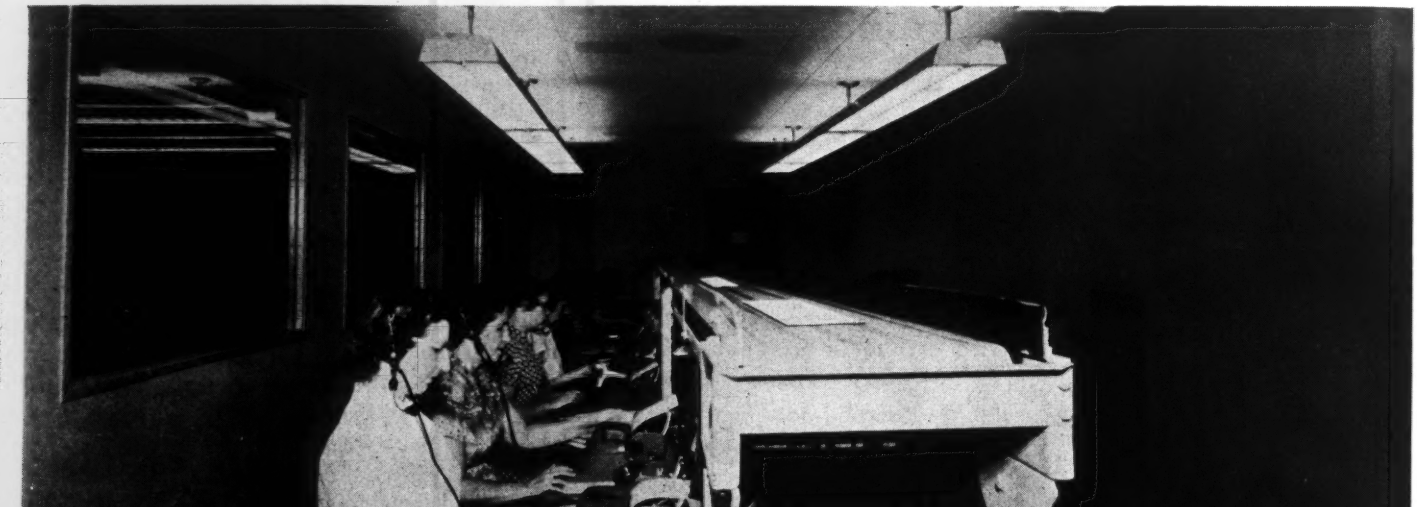
the training and development program is a continuous one, whereas in civilian life executive training programs tend to be of too brief duration. The third and final reason why selection at this early age in the military forces is not too objectionable is that the selection process is such that a greater proportion of potential executives will be produced than in civilian life: the high intellectual standards which are used for admission to the academies and the physical vigor usually associated with those who are interested in appointments to the academies, are factors positively associated with executive success.

[14]F. C. Hooper, *Management in the Public Services* (London: Institute of Public Administration, 1948), p. 9.

[15]Allan Nevins, *Grover Cleveland* (New York: Dodd, Mead & Co., 1938), pp. 40-56.

[16]Alvin F. Harlow, *Theodore Roosevelt, Strenuous American* (New York: Julian Messner, Inc., 1943), pp. 38-60.

[17]Changes in personality characteristics are vividly described in the following material which paraphrases Douglas S. Freeman, *Lee's Lieutenants,* Vol. III (New York: Scribner, 1944), pp. 92-105: The old-time Ewell would have piped, "Yes, attack!" before the words were off Gordon's lips. This new, changed Lieutenant General (Ewell) paid no heed to Gordon. He turned to answer the message (Johnson had said he would soon be able to go into action) with the order that Johnson should continue his advance until well to the front. Then he should halt and await orders. His auditors could scarcely believe that this was the once-decisive Ewell. The corps commander was simply waiting for orders, when every moment of time could not be balanced with gold. When fellow officers pressed him for a decision, he resented their persistence and made impatient answer, refusing to act. Lee decided to shift Ewell to the right because he doubted Ewell's ability to make up his mind to do anything.



PAPERWORK HANDLED BY CONVEYOR

At the new Philadelphia distribution center of Smith, Kline & French, Inc., distributors of some 30,000 drug store items, all the paperwork is now being handled by belt conveyors. From the time an order is phoned in, until the shipment is made, the papers travel from station to station by belt conveyors.

In the order-receiving room where the paper flow begins, sixteen girls handle hundreds of telephone calls per day, typing each order as it is received. The order form is placed on the conveyor belt which is approximately 5 feet high, a convenient reaching height which also allows desk space under the belt. This conveyor discharges to a second conveyor at right angles to it.

The second belt takes the orders to the "order control" station where the credit is checked and the order segregated as to whether large or small. Bills of lading are made here when required and the customers' addressograph plate is secured. At this station items are coded as to their warehouse location.

Next, the order is dispatched through a vertical chute to the warehouse below where the order is filled. A vertical conveyor brings the paper upstairs. This vertical conveyor comprises two facing and touching belts which carry the papers upward by sandwiching them between the belts.

The vertical conveyor discharges to a third horizontal conveyor which carries the papers to the head pricer who distributes them among twelve assistants. The carbon order invoice is sent to the shipping desk for insertion with the outgoing goods. The original goes to "accounts receivable" for entry.

By this means of belt conveyance of the large volume of paper work from station to station, countless steps are saved, confusion is eliminated and loss is prevented. Only forty people are now needed to process the tremendous traffic and the system speeds paper processing, order placing, and shipping.

Engineering the Invisible

By H. H. CAREY

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Top management people in the United States are the world's greatest realists on tangible elements of operations but in the area of human relations, they are, perhaps, the world's greatest idealists.

IT HAS LONG BEEN customary in business and industrial circles to refer to "college professors in their ivory towers". Business leaders have by implication prided themselves on the fact that they are realists and "down to earth".

Top management people in the United States are the world's greatest realists on the tangible elements of operations—sales, finance, engineering, production. But in the area of human relations they are, perhaps, the world's greatest idealists.

Most top management people "idealize" the areas under their jurisdiction. They honestly believe that all of their employees, with the exception of a few chronic belly-achers, are happy in their work. All of their subordinates acknowledge, in their finer moments, the vastly superior knowledge, wisdom and ability of the "boss". It is one big happy family, completely informed of the company's aims and objectives, enthusiastically engaged in jobs in which they are entirely clear as to their duties and responsibilities, and everybody feels that he is on the team.

In this ideal environment there are no "problems" in the human relations field —except for a few slightly incompetent supervisors who were inherited from an older regime. And the crowning glory is the "open door" where everyone may come in and lay down his particular and individual problem without the slightest fear of jeopardizing his job or status.

Many persons who are aware of management's problems and sincerely sympathetic to management's point of view describe the causes of this "idealization" in different terms. Such terms range from "indifference to the realities", "ignorance", "self-satisfaction", "complacency" up to the nasty terms of "smugness" and "super-arrogance" (Caesar can do no wrong).

Those who are really antagonistic to management begin with "stupidity" and range on up to the more ethereal words not printed in the dictionary.

WHEN RE-ENGINEERING A JOB—

If a mechanism isn't working right in a production crisis, an engineer who is emotionally upset, frustrated, and irritated beyond words may cut loose with a few what price glories, kick the machine and feel like beating it with a sledge hammer. But the machine doesn't talk back. It just stays still or keeps following the eternal laws of dynamics.

Then follows the inevitable — "what happened?" and "what is wrong?"

WHAT IS WRONG?

One of management's chief complaints about employees as individuals and as groups is that "they don't have the right *attitude!*" Management can understand some human frailties and forgive many costly mistakes. Perhaps a damaged machine was caused by faulty design, poor installation, or maybe inadequate instructions—in all of which management had some responsibility. But all employee and labor union attitudes are shaped in hell or fomented by the Communists, the great F.D.R. or the Truman administration. Management has had nothing whatever to do with these sloppy, cockeyed, antagonistic and foul attitudes that cause employees to mess up production, resist management orders, demand more and more money for doing less and less work, waste time and material, increase costs and make the work place a stew-pot. Or did they? Granted that employees are hard to get along with and that many unions and their leaders are irresponsible and impossible, who set the stage for this development? Who engineered the job? Who had the first chance? Who was in the saddle 50 years ago? Who first used the spurs? Who is now going to have to solve the problem, clean up the mess, straighten things out? And finally, who is going to have to re-engineer the job?

The answer to all that irritating list of questions is—*Top Management.*

USE LOGIC

The first step in the re-engineering process is to take idealism and emotion out of the picture and substitute realism and logic.

Until every top management man in every small business and in every big corporation understands and accepts the realistic point of view that he personally has a large share of the responsibility for having created the present unhappy situation in which he may find himself, there is no starting point for making any real improvements in either his local situation or the national scene. That is a tough assignment. It involves changing management's attitude. And, incidentally, it is management's attitude which causes employees and labor leaders some of their worst troubles. Of course, they in turn, don't take any responsibility for having conditioned management's attitude. Generally speaking they think it was shaped in hell, or sprouted in the same garden as Hitlerism or Stalinism. Where employees were saying with venom ten years ago—"Who does that so and so think he is anyway—Hitler?",

they are now saying, "Who does he think he is—Stalin?"

As an attempt to get some understanding of the total situation, let's take a look at some fundamental "facts" quoted from the American Management Association MANAGEMENT REVIEW, May 1950.

"1. Everything that an organization accomplishes is by and through people.
2. Our country is largely one of business and industrial enterprises. The people who work in these business and industrial organizations—together with their families and friends — constitute the majority of our voting population.
3. Whether our free enterprise system will survive or will be modified depends on how these people feel, think and vote.
4. Rightly or wrongly, people have generally felt that management is more concerned about property and profits than they have been concerned about people.
5. Because of management failure to understand the human relations problem before them, and their lack of attention to it, the unions have drawn to themselves a great deal of the confidence and loyalty of people.
6. Politicians are realistic about votes. They count the number of employers and the number of employees. They are very responsive to the needs and desires of the majority of the voting population.
7. The determining factor in what people feel, think—and vote—is the kind of treatment they get on the daily job in millions of work places. Their satisfaction or dissatisfaction with the spiritual take-home as well as the financial take-home will be their criteria for judging the worth of our present system—not that we have the highest standard of living of any country in the world.
8. While few would dare to admit it, it is probably the majority opinion of the men and women in the field of personnel administration that by and large top management people do not understand the problem of human relations; that many top management people—either because they don't care, are too busy or arrogant in dealing with people—are helping to prepare the seed-bed of Socialism and Communism. One of the bitterest and most widespread complaints among the subordinate population is that they are not treated like human beings.
9. In the world struggle for nation survival and the preservation of the American Way of Life, no cold or hot war is won by half-hearted soldiers.
10. Finally, the personnel administration, or human relations aspect of management, is now and will continue to be the most critical phase of the management job."

One of the above assertions was that management has not understood the human relations problem. Such an assertion is difficult to "prove", but there is a pretty widespread belief in the nation that unions grew and developed because of management's failures and shortcomings; and that employees had to organize to protect their rights and secure justice.

Most top management people probably believe in all sincerity that Franklin Roosevelt created the environment for labor unions to grow and develop as they did in the late Thirties as a part of a political maneuver. But that is thinking right out of the ivory tower. Certainly, if the seed-bed had not been prepared in thousands of plants throughout the country, the union movement would have never reached its present proportions.

In a search for the engineer's answer to what is wrong, and in an endeavor to accomplish a better understanding of the human relations problem, there is need to examine what might be called the six Great Misconceptions of management.

I. THE ECONOMIC MAN

First, is the concept of the Economic Man. It has been demonstrated over a long period of years that wages and salaries, while important, of course, are not the significant factor in the employment situation that most management people consider them to be. But even now most management "realists", while giving a slight nod of recognition to other motivating factors will wind up—"Yes but after all what really counts is what's in the pay envelope!"

The greatest demonstration of management fallacy in that area came about the time of the passage of the Wagner Act when the wave of wage increases rolled across the nation in what was a desperate attempt to stem the tide of unionization. Stupid? Some would say it was. Certainly management did not understand the tremendous truth expressed by Mr. Clarence Francis, Chairman of the Board, General Foods Corporation, in his address before the Congress of American Industry in December 1947 when he said:

> "You can buy a man's time.
>
> You can buy a man's physical presence in a given place.
>
> You can even buy a measured number of skilled muscular motions per hour or day.
>
> But you cannot buy enthusiasm . . . you cannot buy initiative . . . you cannot buy loyalty . . . you cannot buy the devotion of hearts, minds and souls.
>
> You have to earn those things!"

II. THE STUPID MAN

Closely related to the concept of the Economic Man is the concept of the Stupid Man. He is the simple, uneducated dolt who has a strong back and a weak mind. A man who does what he is told, keeps his mouth shut, feels humbly grateful for the opportunity to work, has the loyalty of a dog, never asks embarrassing questions, and keeps his nose right on the grindstone all the time. Being stupid, he doesn't know how to provide for the future and so a benevolent and kindly employer provides free of charge a plan for sickness benefits, life insurance and perhaps retirement income. Thus was begun the "papa take care" movement and the encouragement of the dependency attitude which so many people decried and ridiculed when the politicians set up the Social Security System.

This management point of view regarding the Stupid Man is shown in the following rather amazing quotations from selected company publications. In the first, the newly hired employee is admonished to "Speak well of your Company for you are a part of the Company". The second quotation is from a management bulletin to supervisors in an

organization of world-wide reputation and which by the nature of its work has a very high educational standard for employment. Imagine the guffaws that greeted this smug pronouncement to the Stupid Man in that particular company: "The philosophy of the ———— Company is to encourage their employees to think freely but to do so, of course, within the framework of Company policy". This quotation has been labelled by a psychologist as the "snicker test" for potential executives. He says that if you read that expression of philosophy before a group of top executives they listen to it in silence and with approval. So if it is read before a group of would-be executives, anyone who laughs is automatically excluded from further consideration as a top management man.

But the ultimate in the Stupid Man philosophy is contained in the following Christmas message from the president of a company to his employees in the Year of Our Lord 1948:

> "The Company's ———— ———— year was crowned with success in all phases of its business, and is a real tribute to you boys and girls. The Management is conscious of all this, and will not only act in a fatherly way but has provided benefits for your future welfare.
>
> ". . . We are members of one family and we want to be the happiest one in town.
>
> "Christmas time is here again, and, as in the past, we shall celebrate this occasion together free from the care of our daily work. Arrangements are made for you at ———— ———— to meet Santa Claus, who will play his part again and remember good children such as you were. His bag is full of good cheer for all of you."

III. "LEADERSHIP"

The third Great Misconception lies in the field of leadership. It is one of the most badly mauled words in the management field. Great pronouncements have been made about *leadership* and its overworked partner *cooperation.* From the lowly but realistic point of view of people down the line, the average top management man's interpretation of and action in the field of leadership is "making sure that everybody knows who is boss", "bringing people around — but quickly—to a predetermined course of action or policy", "keeping people in line", and "telling people directly or indirectly what to think, how to act, what to do and what not to do with an implied—or else". Such executive behavior, while shaded from subtle hand-in-glove to the mailed fist is what most people in most companies have been getting as "leadership" for the last hundred years. Basically, of course, it is domination, enforcement of so-called cooperation, and indicative of the natural desire of people in top jobs to run the show the way they want to, and above all to keep everything "under control".

This kind of "leadership" behavior from the top down by various levels of management people in positions of authority has naturally been resented. Ultimately we had a rebellion and a revolution of which the tangible outgrowth is fourteen or fifteen million people in labor unions.

Out of this rebellion and revolution have come violations of the rights of private property such as sit-down strikes, and denying management personnel access to company properties; restrictive union practices have curtailed management's basic right to manage the business; union force has jeopardized the welfare of many companies; discipline in some plants has been virtually assumed by or turned over to the unions; and in local, state and national matters, union leaders have moved into positions of greater influence.

After a long experience of being in the dominant position, it is extremely difficult to adjust to a lower status. It is comparable in some respects to the adjustment in the international scene where old, established world leaders have had to make way by force of circumstances to the ascendant nations like United States and Russia.

No amount of recrimination and witch-hunting will accomplish anything other than to delay any remedial action. And as stated earlier, the starting point in management thinking is to realistically accept the fact that management in thousands of companies is responsible to a great extent for having allowed this unfavorable situation to develop, and by basic errors of commission and omission have actually laid the ground work for it.

IV. THE FUNCTION OF BUSINESS

Another of the misconceptions of management which has led into grievous errors of behavior and judgment is that of the function of business and industrial organizations. Simply stated, it has been considered that the function of business is to make a profit. The more enlightened management group might say that the function is to produce and render such needed goods and services that a profit will result. But the executive heads of directors are interested in little else. The eyes of board members start to get glassy the moment profit figures begin to slip.

EXHIBIT A

It may not be outside the realm of possibility that in the future, some board chairmen may lay aside such reports after making proper inquiry about the financial status of the business and say —"Our sales, inventory and profit situations appear to be satisfactory. Now let's take a look at our broader responsibility to the society in which we operate. To our employees *we are the American Free Enterprise system.* All the rest of the things that they have in their minds about the American Way of Life are important, but there is nothing so real and influential in their thinking as the kind of experiences they have on the job working for us. We are Exhibit A. What do they think about us, our policies, and the kind of treatment they get from us in authority over them? Do they get a real sense of satisfaction out of their work? Do they feel that they are fairly treated? If we had an election in our plants and offices tomorrow, or two years from tomorrow, would they vote for the Free Enterprise System *which they know about* through their work and experience with us, or would they favor socialistic or communistic programs which they have not experienced but which they may feel would bring them greater personal satisfactions and more equitable treatment?

"And, lest any of you members of the board may think these questions are academic, I want to remind you that when people won the right to vote, they at that point achieved the power to mould or throw out any form of government and the institutions within its framework. Gentlemen, we have been *on trial* and we didn't realize it. We are now on trial for our right to survive. We are now behind the eight ball together with thousands of other top management people. Let's see

how we stack up."

In thinking about the true function of business institutions, we need to keep in mind some very important things about our origin and national history. Our country was founded by rebels and nonconformists — people seeking freedom from tyranny and oppression, opportunities for advancement out of class distinction, self-expression, and a true voice in their own destiny. When psychologists and sociologists speak of the needs, desires and aspirations of people, it is not the mere prattling of theorists. Such needs, desires and aspirations are intangible and invisible but they are solid facts which cannot be ignored without causing basic resistance.

Business and industrial leaders have never given realistic thought to the significance of the fact that they should and must adjust their function, policies and methods to fit within the framework of the political democracy — the American dream. If in the midst of this great dream of freedom, people find themselves and their families subject to what they consider to be autocratic, arbitrary or unjust treatment, there can be but one result; resistance, rebellion and revolution, all of which we have had within the past 50 years.

As Eric Johnston phrased it in his foreword to Charles McCormick's recent book "The Power of People," our new society must draw closer—

> "to the dream and the vision and the ideal of the men who launched our Revolution. They were men who said that individual man is the central theme of life and that his dignity and happiness are the compelling tests of social values; they were men who held that a human society, no matter how efficient, prosperous or potent, is a dismal failure if it destroys human personality, or blots out the individual."

By and large we have forgotten the power, weight and influence of the V.L.P.—very little people. We have not kept in mind the fundamental truth expressed by Edmund Burke when he said that there are crises in the fortunes of all when those who are too weak to contribute to our prosperity may be strong enough to complete our ruin.

V. MAKING PEOPLE WORK

Another of the fallacies of management is the idea that they have to "make people work."

We are sadly lacking in the field of knowledge about employee motivation. Or maybe we don't use what we already know. For example, every top management man and the lowest level of supervisor could tell you that every employee should know what he is doing and its relationship to other work going on in the shop or factory or office. But do they? In a large manufacturing plant, I stopped the other day at the bench of a woman. After watching her a while I said, "What are you making?" She looked up, a little puzzled and replied, "I don't know — just a piece part." In another company, a relatively new Personnel Manager has recently begun to take new employees on a tour of the entire plant as a part of the induction program. "That's fine," remarked one of the foremen. "But what about me? I've been here for 25 years and I've never been through the factory."

And here's a story that seems incredible. I know, however, that it is true. An old employee, retiring after more than 50 years of service, was escorted to the company president's office. In that office was the single product that company has manufactured for nearly a hundred years. The man picked it up and said, "I'm glad to see that on my last day. I've never seen one before."

When you tell those stories to most top management people they will say, "That's stupid — why don't *they* ask questions?" If employees don't know what they're doing or making, and if they don't know the relationship of their work to what else is going on, and if

MANAGEMENT BOOKS *Recently Received*

Please order books directly from publishers.

A Theory of Price Control, by JOHN KENNETH GALBRAITH, published by Harvard University Press, Cambridge, Mass. 81 pages, $2.00.

Occupational Information, 2nd Edition by CARROLL L. SHARTLE, PH.D., published by Prentice-Hall, Inc., 70 Fifth Ave., New York City. 425 pages, $6.65.

Men in Business, edited by WILLIAM MILLER, published by Harvard University Press, Cambridge, Mass. 350 pages, $5.00.

Selection, Training, and Use of Personnel in Industrial Research, Proceedings of the Second Annual Conference on Industrial Research, June 1951, edited by DAVID B. HERTZ, published by King's Crown Press, 2960 Broadway, New York City. 274 pages, $4.50.

Thinking Ahead for Business, edited by EDWARD C. BURSK, published by Harvard University Press, Cambridge, Mass. 215 pages, $3.25.

Changing Concepts of Business Income—Report of Study Group on Business Income, published by The Macmillan Company, 60 Fifth Ave., New York City. 160 pages, $2.00.

The American Economy, by A. J. YOUNGSON BROWN, published by New York Library Publishers, 8 West 40th St., New York City. 208 pages, $4.75.

Foreman Training in a Growing Enterprise, by A. ZALEZNIK, published by Graduate School of Business Administration, Harvard University, Boston, Mass. 232 pages, $3.50.

The Knack of Using Your Subconscious Mind, by JOHN K. WILLIAMS, published by The Updegraff Press, Ltd., Scarsdale, New York. 104 pages, $2.50.

The Technique of Clear Writing, by ROBERT GUNNING, published by McGraw-Hill Book Co., 330 W. 42nd St., New York City. 289 pages, $3.50.

they don't ask questions, whose fault is it?

Who is responsible for that invisible environment in which people work — the atmosphere and spirit surrounding the job — where people are informed or not informed about the simple things, where people feel free to ask questions or don't ask questions for fear they will get their ears slapped down.

PASSING THE BUCK

For us to say that employees *should* be interested in their jobs and they *should* know what is going on, is to shift the blame and the responsibility from ourselves. That is passing the buck. And it indicates just as stupid an attitude as we think the emotional engineer has when he kicks the machine that doesn't run right. Building interest into the job is a very difficult problem, of course. It isn't solved easily. But one company has been doing something about it in the last few years. They call their approach, "Job Enlargement."

WHO'S TO BLAME

And now we come to the final but possibly not the last of the misconceptions of management. Perhaps you may think I have been too rough on top management. They aren't all as bad as that. The lower management people are to blame for a lot of things. Of course they are, but there is only one really responsible group — and that is top management. And when we get to the spot where we may be taken over by the socialist or communist minded because millions of people are dissatisfied about their daily work experiences for any reason whatever, then we don't get anywhere with alibis, blaming F.D.R., the unions, or our poorly trained supervisors. If we do go down the drain, it will be the basic fault of top management in America. Whatever may be the causes of the feelings of resentment, frustration or injustice in the total population which make people anti-business, anti-management, anti-Free Enterprise, top management must seek out and deal intelligently with them — or else.

VI. MAKING PEOPLE BEHAVE

This last misconception which I am going to discuss is that management has to "make people behave."

"What we need around here is more discipline!" is a very commonly expressed top management point of view. People aren't paying attention to their jobs the way they ought to. There is too much congregating, wise-cracks, horseplay; too much going to the toilet, too much smoking time, too long rest periods. People are just ornery and lazy. So they must be *made to behave* the way they should. An attempt has been made to treat them nicely but that just makes them take more advantage. So there is only one answer — crack down, show them who is boss, send somebody home for a day, fire somebody, put the fear of God in 'em. "Boy, won't we show these bastards something when the next recession or depression hits here. We'll make 'em crawl!"

TOP MANAGEMENT

Who engineered the environment in that plant where there is virtually no voluntary cooperation, practically no interest in the job, no self-discipline among employees, no respect for authority? The answer to that is top management. It was "engineered" perhaps by a top executive who was convinced that management had a right to run the business; or by one who was sent in to "put the boys in their place"; or by the smart executive from headquarters who called the union shop committee into his office and said among other things, "I just wanted to let you boys in on a little secret—I didn't come down here to try to win a popularity contest." When the newcomer proudly reported to headquarters what he had said to the so and sos on the shop committee there were smiles of satisfaction on the faces of his superiors. He had really told the boys off. But when the shop committee went back and reported what had happened there were no smiles in the shop. There was grimness and profanity. "He's just another s.o.b. We'll show him he can't push us around!"

This single situation set the stage for months and years of conflict. That particular executive might have profited if he had fixed in his mind at an early age the famous remark of Sherman Rogers:

> "you can lead good men through the fires of Hell — but you can't drive them across the sidewalk."

The foregoing has been an attempt to deal with the question "What is wrong?" Now — what is the answer?

WHAT IS THE ANSWER?

Suppose a top management man says, "It's a little hard to take, but I'll admit you have a fairly good case. But where do I start? I have always intended to do the right thing about people, and I thought I was."

That brings me to the point of the hazard of good intent. I don't believe that I ever met a top executive who didn't intend to do the right thing. And, strange as it may seem, it is, perhaps, the first handicap to overcome. Good intent — a hazard and a handicap? Definitely! The man of good intent is so sure of it in his own mind, that if anything goes wrong it *has* to be somebody else's fault. It can't possibly be any fault of his own. When he treats people in a manner that he considers fair and just, and they don't respond the way he thinks they ought to, it is obvious that they are in the wrong. In many situations when the unions walked away with a recognition election, a company president has been literally astounded. He had always treated his people fairly — even generously, and such disloyalty on the part of employees was, in fact, base ingratitude. They had been misled, obviously by false hopes and promises. It just could never be possible for such a president to comprehend that what he considered as proper management flexibility and "handling each case on its merits" was interpreted by those on the receiving end as capricious or arbitrary and unjust. That man so filled with good intent could never realize that in such an election the employees may have been voting *against* him primarily and *for* the union secondarily.

Top management people who are filled with good intent are likely to feel no need for an appraisal of their handiwork, and prone to resent criticism. Anyone who speaks unfavorably just doesn't know what the score is. At best the bearer of criticism is misinformed and at worst, disloyal. If, in a particular company, there are widespread complaints from customers, a market opinion survey may be ordered pronto. But if there is a suspicion of complaint among employees, it wouldn't be worth the money to have an employee opinion survey. "Besides an opinion survey only stirs up trouble."

An executive wouldn't even consider operating his plant or office without in-

spection and quality control to help insure high quality goods and services to his customers. But ordinarily, it never crosses his mind that there may be equal and perhaps more critical need to appraise the quality of the management and supervisory job being done on those who produce those goods and services.

There is no formula for building up and maintaining good relations among employees as the sound basis for operating a business effectively, and at the same time providing employees such satisfactory spiritual and financial take home as will insure their cooperation, good will, high productivity and good morale. But the literature of personnel administration is full of stimulating and fruitful ideas. Of special note in such literature is "The American Code of Personnel Administration" by Thomas G. Spates. Perhaps the basics are more important, however, than any art of the literature.

THE U. A. W. OF MANAGEMENT

Ordinarily U.A.W. means to most management people the United Auto Workers. But the basics for management in the human relations field are also U.A.W. — Understanding, Acceptance and Willingness. In the field of management action, it means doing the management job in such a skillful way as to make sure that employees fully *understand* management's position on the particular problem involved; that employees generally *accept* management's solution because they know that management has given careful consideration to all phases, including the interests of employees, and that management has given employees or their representatives a real opportunity to be heard on such matters as particularly affect them; and, finally, maintaining a cooperative environment that engenders in employees a real *willingness* to go along and do a real job.

When new plants or new products are envisioned, top management is willing and eager to pore over blue prints, layouts, drawings and specifications for days, weeks and months on end. It will require equal or more time, effort and spirit to engineer the invisible atmosphere of the work environment which will win the undying "devotion of hearts, minds and souls" of American millions to the American Way of Life.

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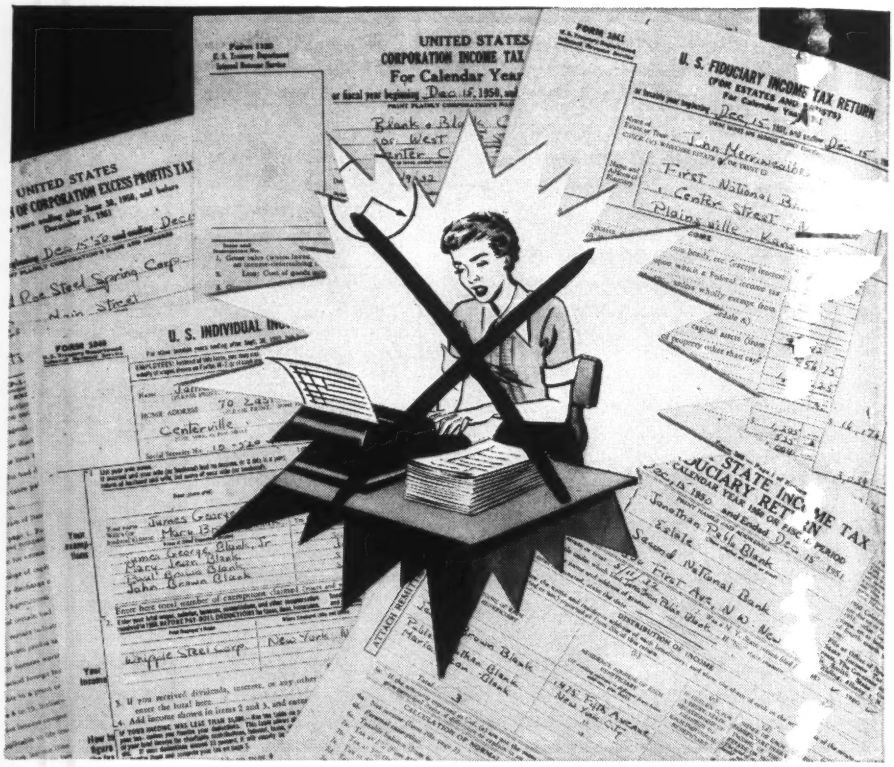

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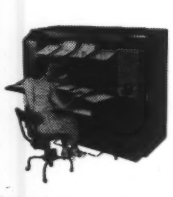

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SOCIETY NEWS

WORK MEASUREMENT CLINIC

The St. Louis Chapter of S.A.M. is holding a 1952 Advanced Work Measurement Clinic on May 8th and 9th at the Chase Hotel in St. Louis. A special feature of the clinic is the opportunity for the participants to apply the ideas presented to actual problems. The two-day period is divided into four three-hour sessions which will allow the speakers to present their ideas and thoughts as well as application problems for the registrants.

The speakers include:

Geoffrey Ladhams, Personnel Consultant of London, England who will talk on the subject of "A New Analytical Concept of Training and Its Work Measurement Effects"; Phil Carroll, registered professional engineer of Maplewood, New Jersey, who will present "Selecting the Basis of Measurement for Indirect Work Standards"; and Dr. Gerald Nadler of Washington University in St. Louis will discuss "What's Wrong With Predetermined Motion Time Systems?". Guest speakers will be present at the luncheons.

SPECIAL PROJECT FOR PROVIDENCE

The PROVIDENCE, R. I. CHAPTER has undertaken a special project at the New Bedford Textile Institute. Realizing the need for courses in management, the Society members have outlined a program of industrial organization and management lectures. The lecturers who are Chapter members are speaking on their specialty to students at the Institute who take the courses on a voluntary, non-credit basis.

Selected and purchased by the Chapter, the textbook used is "Industrial Organization and Management" by Bethel, Atwater, Smith and Stackman. Lawrence L. Bethel, one of the authors of the book who is the director of the New Haven Y.M.C.A. Junior College and director of the ESMWT Program of Yale University, was the first lecturer and guest speaker of the program. His topic was "Introduction — Building the Organization and Financing". This worthwhile project is a credit to the Providence Chapter.

Chapter Standings As of February 1, 1952

MEMBERSHIP		CHAPTER PERFORMANCE AWARD	
New York	435	Washington	2176
Chicago	312	Greensboro	1898
Philadelphia	305	Pittsburgh	1663
N. New Jersey	270	Hudson Valley	1589
Cincinnati	258	Allentown	1530
Cleveland	239	Milwaukee	1342
Washington	231	N. New Jersey	1332
Boston	206	Boston	1145
Pittsburgh	195	New Brunswick	1105
Detroit	167	Trenton	1100
Los Angeles	134	Chicago	1027
Milwaukee	129	Philadelphia	1026
San Francisco	109	Indianapolis	993
Indianapolis	106	Baltimore	930
New Brunswick	106	Wilmington	910
Greensboro	101	Detroit	880
Lancaster	94	New York	873
Dallas	89	Wilkes-Barre	800
Hudson Valley	86	Atlanta	792
New Haven	85	Central Pa.	611
Asheville	80	Worcester	533
Dayton	78	Cleveland	504
Baltimore	77	Lancaster	461
St. Louis	65	Cincinnati	456
Montreal	61	St. Louis	449
Atlanta	59	Montreal	439
Bridgeport	57	San Francisco	422
Providence	57	Los Angeles	411
Trenton	55	Columbus	378
New Orleans	54	Dallas	268
Worcester	54	Dayton	319
Central Pa.	53	Manchester	258
Hartford	51	Western Mass.	257
Louisville	51	Portland	255
Wilmington	51	Richmond	230
Allentown	50	Birmingham	209
Columbus	48	New Orleans	195
Knoxville	47	Knoxville	180
Wilkes-Barre	45	Louisville	180
Birmingham	43	New Haven	162
Manchester	41	Central New York	159
Baton Rouge	38	Bridgeport	144
Portland	36	Stamford	132
Twin City	33	Nashville	95
Central New York	33	Hartford	76
Richmond	31	Asheville	66
Western Mass.	30	Providence	64
Kansas City	23	Kansas City	34
Nashville	15	Twin City	30
Stamford	13	Baton Rouge	12

SAM NOMINEES FOR 1952-53

In accordance with the SAM By-Laws and the procedure adopted at the June 1951 Board Meeting the Nominating Committee has selected and submitted the following slate for 1952-53. Prior to selection by the Committee, each nominee received chapter nomination. In addition, the Committee has verified with each his availability and his willingness to serve cooperatively with the other nominees.

For President: EDWARD W. JOCHIM — presently Executive Vice President, SAM; National Director, Chicago Chapter, 1950-51; President, Chicago Chapter, 1949-50. Among his National SAM Committee memberships are those on the Executive, Long-Range Planning, Awards Policy, Membership Growth and Development, Chapter Membership Award, and Human Relations Award Committees.

For Executive Vice-President: BRUCE PAYNE—presently serving his second term as Treasurer, SAM; President, Stamford Chapter, 1947-48. Among his National SAM Committee memberships are those on the Executive, Finance, and Rating of Time Studies Committees.

For Secretary: J. O. P. HUMMEL—presently Assistant Vice-President, Functional Groups, SAM; National Director, Central Pennsylvania Chapter, 1947-48; President, Central Pennsylvania Chapter, 1946-47.

For Treasurer: HAROLD ENGSTROM — National Director, Baltimore Chapter, 1944-45; President, Baltimore Chapter, 1943-44; Chairman, 1948 Time Study and Methods Conference. Among his National SAM committee memberships are those on the Awards Policy and Emerson Trophy Committees.

Provision for additional nominations and election of officers is made in the By-Laws by the following sentence: "Following the Spring meeting, at which any ten Directors may propose other nominees, the Board will by mail ballot elect the Society's officers to serve for one year."

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52. **Simplified Incentives for Multiple Production,** by W. Dale Jones, School of Industrial Engineering, Georgia Institute of Technology.
53. **Setting Cost Reduction Goals,** by Elliott I. Petersen, Vice President for Manufacturing, Bigelow-Sanford Carpet Co., Inc.
54. **Profit-Sharing — The Importance of Being Important Together,** by Clarence A. Wimpfheimer, President, American Velvet Company.
55. **Executive Development Through Colleges and Universities,** by Earl G. Planty, Executive Counselor, Johnson & Johnson; Dr. C. K. Beach, Professor of Industrial Education, Cornell University and Gordon Van Ark, Division Manager, Personnel Development, General Foods Corporation.
56. **Communications—What Are Employees Really Interested In,** by Peter F. Drucker, Industrial Economist.
57. **What Makes Successful and Unsuccessful Executives?** By Burleigh B. Gardner, Executive Director, Social Research, Inc., Chicago.
58. **Human Relations in Industry: A Challenge for Free Enterprise, "Industrial Relations and the Social Psychologist."** By Dr. Douglas McGregor, President, Antioch College.
61. **Wartime Lessons in Wage Administration,** by Canby Balderston, Dean, Wharton School of Finance and Commerce, University of Pennsylvania, and Former Assistant Chief, Civilian Personnel Branch, Industrial Personnel Division, Army Service Forces.
63. **Staff Organization for Control,** by J. K. Louden, Vice President, York Corp.
64. **Efficient Planning for Budgeting,** by Charles C. James, Associate Counsellor, Stevenson, Jordan and Harrison.
65. **Budget Navigation by Dead Reckoning,** by Alwyn M. Hartogensis, Ebasco Services, Inc.
66. **Democratic Principles in Business Management,** by James C. Worthy, Sears, Roebuck and Company.
68. **Personalities in Labor-Management Conflicts,** by A. A. Imberman, Imberman & De Forest.
69. **Decentralizing Personnel Management,** by Mary Cushing Niles, Assistant to the Chairman, Federal Personnel Council.
70. **Executives Evaluate Administrative Conferences,** by Dr. Martin Kriesberg, United States Bureau of the Census.
71. **Size and Effectiveness—An Administrative View,** by Howard K. Hyde, Department of Defense, Washington.
72. **Make it Informative!,** by Dr. Paul R. Beall, Director, Information Division, Research and Development Board, Department of Defense, Washington, D.C.

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FEBRUARY S. A. M. CHAPTER ACTIVITIES

The Baton Rouge, La. Chapter was instructed by Wesley Wiksell, consultant on communication in industry of Louisiana State University, in a new kind of lecture "Have You Tried Listening?" This type of lecture with role playing and visual aids is designed for management at conventions, banquets and training programs. The yearly program was planned and a membership drive to double membership voted on. Officers are to be elected in April for the following year. C. A. Slocum, Executive Director of S.A.M. was present at the meeting at the request of C. V. Merriam, President of the Chapter. Mr. Slocum enjoyed his association with the Louisiana French drip coffee and returned to New York with a special package of it.

The Knoxville, Tenn. Chapter was instructed by B. Campbell Blake, vice president and general manager of the Conners Steel Company of Birmingham, Alabama, on the topic of "Incentives in American Industry". Mr. Blake discussed what he considers to be the four basic motivating forces operating in this country to give us a favorable economic climate. This favorable climate has resulted from existing attitudes in this country which are difficult to find elsewhere. These attitudes are under attack from many and diverse sources. Mr. Blake is of the opinion we should analyze and rationalize our incentives in such a way so as to always be on guard.

The New Orleans, La. Chapter participated in a discussion group meeting concerning "Inventory Control". Dr. Paul C. Taylor of Tulane University was chairman of the panel group and in addition, presented the educator's viewpoint. Jack Kerber of Rheem Manufacturing Co. showed the industrial viewpoint in regard to inventory control. E. J. Martin from the New Orleans Public Service, Inc. presented the public utility's viewpoints.

The Bridgeport, Conn. Chapter has as its guest speaker Robert H. Guest, industrial consultant, who is associated with the Director of Research in Technology and Industrial Relations at Yale

University. The topic for the meeting was "Personnel Problems Arising From Technological Changes". Mr. Guest reported on the results of personal interviews with assembly line workers and their reactions to this type of work. He also discussed the existence of considerable employee dissatisfaction with the assembly line because of monotony and the constant non-changing pace.

The Kansas City, Missouri Chapter held a dinner meeting at the Advertising and Sales Executives Club on the 26th. Lauren F. Sargent, executive engineer of the Methods Engineering Council of Pittsburgh, was the speaker for the evening. The subject of his talk was "Profits From Inventory Investments". He discussed the minimum inventory order point, the correct quantity to re-order and methods of managing inventory investment for greater profit.

The St. Louis, Mo. Chapter heard W. E. Shamski of Stix, Baer and Fuller and George Eichelsbach of Magic Chef discuss "Human Engineering Case Studies". Both speakers emphasized by illustration of their own organizations, the necessity and procedure for analysis of the human problem in the installation of method changes before the change is installed.

The Philadelphia, Pa. Chapter at their Management Problems Series Meeting Number 8 heard Claude V. Swank, executive vice president and director of manufacturing of Johnson & Johnson, New Brunswick, N. J. Mr. Swank stressed communications in Management Policy Formulation and paid special attention to the important phase of communications with lower levels and the methods used by top management to obtain lower level reactions to management policy and planning. Arthur Nelson was chairman of the meeting.

The San Francisco, Calif. Chapter was informed by J. B. Du Prau, vice president of administration and assistant to the president of Columbia-Geneva Steel Division of the United States Steel Company, on the subject of "The Chief Executive—His Job and His Staff". Mr. Du Prau has done research on this, developing some of the most highly refined techniques dealing with the subject.

The New York City Chapter with Robert W. Davis, sales service supervisor of Western Electric Company as chairman, heard an interesting meeting concerning "A Forward Look at Supervisory Training". Dr. Dwayne Orton, director of education of IBM, spoke on the problems which lie ahead for supervisors and the fields in which their attention needs to be directed in the years ahead. Merrill E. Kilby, supervisor of training of the Calco Chemical Division of American Cyanamid Co., outlined the supervisory training program of his company and augmented his presentation with illustrative material.

The Louisville, Ky. Chapter heard an interesting discussion by Ernst Hijmans, management consultant of Brussels, Holland. Mr. Hijmans' subject was "World Trends in Administrative Simplification". He has been a consulting engineer since 1922 and has engaged in his profession in Europe, Asia and South America. At present Mr. Hijmans is a consultant to the State Comptroller in Israel and has been commissioned to make a survey of public services by the Government of Surinam.

The Northern New Jersey Chapter heard Dr. Mason W. Gross, chairman of the New Jersey State Board of Mediation, express his thoughts on "The Limits of Mediation". Dr. Gross is in the midst of negotiating many important industrial controversies. He pointed out the results are bound to have their effects on other current labor-management contract negotiations throughout the state.

The New Brunswick, N. J. Chapter was instructed by Gerald A. Risser on the subject of "Management Development". Mr. Risser is the acting assistant manager of the Engineering Service Division of Du Pont at Wilmington, Del. He discussed the Du Pont philosophy of management development and the practical methods and tools used to translate the philosophy into a course of action.

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MANAGEMENT BOOKSHELF

Collective Bargaining Principles and Practices, by C. WILSON RANDLE, published by Houghton-Mifflin Co., Boston, 740 pages, $6.00.

TO THE NEWCOMER in the field of union contract negotiations work, Dean C. Wilson Randle's book on collective bargaining will serve as a complete guide on the handling of union contract negotiations.

To the oldtimer in the field, the Dean's book will serve as an accurate portrayal of the practical experience he gathered the hard way.

The book starts off with a short history of collective bargaining, takes the reader through a description of the collective bargaining process, gives him a thorough discussion of the various issues discussed around the negotiating table, and concludes with some sound advice as to the skillful administration of the union contract that may have been negotiated.

In addition to all this, for the sake of the newcomer the author sets forth actual examples of labor contracts and arbitration awards, and for the same purpose he includes a glossary of labor terms.

Oldtimers in the field will particularly appreciate Dean Randle's statement that "industry has come to realize that labor negotiations may make or break the company." The Dean states with great accuracy that the "successful outcome of collective bargaining is in direct proportion to the thoroughness of the preparations."

The author follows this advice with a solid chapter showing how collective bargaining today is based upon facts rather than emotion and how the negotiator can and should secure his facts. He properly states that the day of "guesses, assumptions, estimates or beliefs are out of the window."

The chapter on preparation covers the physical preparations for collective bargaining as, for example, the set-up of the bargaining room itself, the analysis of grievances, analysis of industrial relations policy, discussion with the negotiators' supervisors and officers, and the analysis of union proposals.

An important part of this very helpful chapter sets forth a check list as to the kind of wage data, hours data, employee data, productivity data and fringe data that may be necessary during the sessions. The author also lists the documents that should be secured, such as copies of grievance procedures, copy of a group insurance policy, and so on. The author also reviews the importance of arbitration decisions that are handed down during the year. The awards of arbitrators have an important bearing on the language of the union contract that may be under renegotiation.

As an additional aid to the negotiator preparing for his session, the author lists in an appendix sources of labor information covering hours, wages, job evaluation and industrial relations policy. He also lists organizations such as the National Industrial Conference Board, the Industrial Relations Counsellors, the Policy Service Bureau of the Metropolitan Life Insurance Company, and so on, which may be helpful in furnishing essential collective bargaining data.

Although your reviewer has selected the preparation section of the book for particular discussion, the entire book is handled expertly and, as indicated earlier, is a worthy addition to the bookshelf of any union contract negotiator whether he is new or old to the field.

HIRAM S. HALL
Vice President for Personnel
Bigelow-Sanford Carpet Co., Inc.

Industrial Internal Auditing, by W. A. WALKER AND W. R. DAVIES, published by McGraw-Hill Book Co., New York, N. Y., 329 pages, $5.00.

The authors of this book on internal auditing have written a book about up-to-date business practices based on their own experiences in a progressive industrial corporation. They very clearly summarize the modern concept of internal auditing when they state, "An objective point of view of the audit subject should be taken. Management will recognize the audit as the service it is intended to be and not as a check-up if the approach is from management's viewpoint."

The opening two chapters dealing with the nature, objectives and scope of internal auditing will be of particular interest to executives not only to learn of the many services that internal auditing can render but also to help them to understand the difference between the functions of the internal auditing staff and the public accountant. Although, Mr. Walker and Mr. Davies mention that auditing staffs in large companies are fairly well organized, the profession is young and it is this reviewer's feeling that its objectives and usefulness are not too well understood in many instances by management.

Most of the auditing literature today deals principally with the approach and viewpoint of the public accounting profession especially that used by colleges and universities. Introducing this book as a text will aid considerably in giving our future administrators an insight into how auditing is conducted from the internal standpoint.

The following chapters are of interest primarily to accountants and auditors. After leading up to the main theme with chapters on internal control and frauds, the authors deal with types of internal audits, the organization of internal auditing staffs, reports, and planning and making the audit. Next follow several chapters outlining in detail what the authors call the auditors' approach to various functions of a business. At the end, five case problems have been appended which should prove to be valuable to the student interested in pursuing the internal auditing profession. These problems are typical of situations that management and internal auditors actually encounter. For example, the practices and theories outlined in the book

are well illustrated in the problem of submitting a report to top management covering an audit of a large construction contract.

This book should have a wide appeal for those who are interested in perfecting the means of control of companies where authority must necessarily be delegated. Companies that now have internal auditing staffs will find it an authoritative standard with which to compare their own internal auditing; companies that do not have such a staff can learn the essential features of internal auditing. Finally, the book is an excellent text for students interested in internal auditing. It is excellent because the student has presented to him the objectives of internal auditing and time-tested conclusions on how to attain these objectives. The authors speak ex cathedra and their book is a distinct contribution to American business.

J. B. PARKER
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